EUROPE'S BUSINESS NEWSPAPER
FINANCIAL TIMES
No.31,093 ♦ THE FINANCIAL TIMES LIMITED 1990 | Thursday March 8 1990 | D 8523A

BRAZIL
Adventures in the tin trade
Page 20

World News

Opposition poll protests crushed in Mexico

Mexican police crushed opposition protests against alleged electoral fraud in Guerrero state, underlining the Government's growing impatience with political dissent. Three policemen were killed as security forces forcibly dislodged supporters of the left-of-centre Party of the Democratic Revolution from the town hall at Cruz Grande, near Acapulco. Page 22

German backing
West German opposition Social Democrats (SPD) attacked the ruling Christian Democrats in Bonn for indicating to East German voters that financial support will start flowing into their country only if they vote for the centre-right alliance. Page 2

Hostage 'solution'
Iran's President Ali Akbar Hashemi Rafsanjani said the Lebanese hostage crisis was going to be solved because it had turned into a tool for US propaganda, according to the Iranian news agency IRNA. Page 6

Cambodians pressed
Thailand is seeking to put pressure on the warring factions in Cambodia by threatening to repatriate some of the 300,000 refugees in UN-supplied camps on its border. Page 6

Indian inquiry
India's Central Bureau of Investigation plans to interrogate all six people named in a charge sheet filed on alleged pay-offs made in connection with a $258m contract for the purchase of West German submarines in 1981. Page 6

Turk shot dead
Gunmen shot dead Cetin Emec, a widely-respected columnist and board member of Turkey's mass-circulation daily Hurriyet, in what appeared to be a professional killing.

Bulgaria delays vote
Bulgaria's first free parliamentary elections for more than four decades are expected to be postponed from May until June following a compromise between the ruling party and the opposition. Page 3

Mongolians strike
Mongolian democracy activists began a hunger strike in Ulan Bator's central square to press for the resignation of President Zhambyn Batmunk and communist party officials.

Bases controlled
Afghan President Najibullah said his forces controlled the country's military bases after crushing a coup attempt led by sacked Defence Minister Shanawaz Tanai. Mujahideen guerrillas refuted this claim. Page 6

Israeli decision
Israel's divided coalition government averted a showdown and its possible collapse by delaying until at least Sunday any decision on joining unprecedented Israeli-Palestinian peace talks. Page 6

E German hitch
E Germany's first free elections have run into a snag as nobody wants to count the votes despite a call for help.

Business Summary

US proposes compromise in IMF quota dispute

THE US, seeking to act as an "honest broker," offered a compromise in the dispute between Britain and France over the size of their respective shareholdings or quotas in the International Monetary Fund. The problem arises from Japan's desire to become the second largest shareholder, a rank held by Britain, which has agreed to give up some of its voting share. However, Britain and France each insist on their right to occupy fourth place according to complicated measurements of economic performance. Page 22

MARKETS: Most bourses advanced, with Japanese buying of steel and engineering stocks lifting Frankfurt, a buoyant oil sector helping Paris and company results boosting Amsterdam. Back page, section II

NEC, Japan's largest producer of semiconductor chips, and AT&T Microelectronics, the semiconductor division of the US telecommunications company, yesterday announced a semiconductor technology partnership agreement. Page 6

MOTOROLA, US communications and electronics group, is to spend more than £100m ($164m) setting up a factory in Scotland to make mobile telephones. Page 12

EUROPEAN steel industry has left its crisis years behind and has a bright five years ahead, according to a study by the European Commission. Page 2

POLAND'S economy remains beset by recession as February industrial sales fell 29.8 per cent, according to figures issued by the Government's Central Statistical Office. Page 3

GKN, UK automotive and engineering group, increased pre-tax profits by 21 per cent to £214.8m ($354m) in 1989 from £177.6m a year earlier. Page 23

HONG KONG was presented with a belt-tightening budget which reflects a sharp decline in the colony's rate of growth to 2 per cent last year. Page 6

CHARTERHOUSE Bank has been left with an 11.8 per cent stake in Lowndes Queensway following the completion of the British furniture and carpet retailer's rights issue. Page 23

SINGAPORE Airlines has chosen US Pratt and Whitney jet engines to power its new long-range fleet of Boeing 747 and McDonnell Douglas MD-11 aircraft. Page 10

HILTON Hotels shares fell by $4½ to $61⅞ as the company's board met to consider financial strategies in the face of a disappointing set of takeover offers. Page 25

CARLSBERG, Danish brewer, said it was in discussions with three or four large UK brewers which could lead to the purchase of an additional brewery in Britain. Page 23

AERITALIA, Italian state-controlled aerospace group, is looking for acquisition opportunities especially in Europe. Page 24

Central banks fail in concerted effort to stem dollar rise

By Peter Norman in London and Janet Bush in New York

WIDESPREAD central bank intervention yesterday failed to prevent the US dollar rising on world foreign exchange markets.

The West German Bundesbank and the US Federal Reserve led a round of concerted dollar sales which involved 13 central banks during afternoon trading in Europe yesterday.

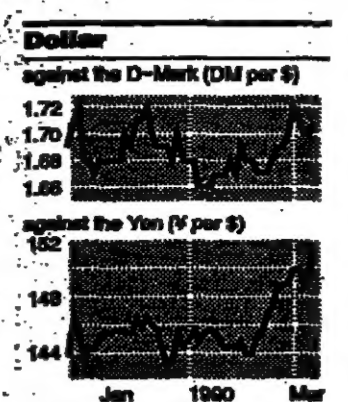
Although an unusually large number of central banks were selling dollars, European monetary officials estimated the scale of intervention at some $500m, or half Monday's level.

The Bank of England participated in the action, selling dollars for D-Marks and yen. However, it was not seen supporting sterling. The Bank's purchases of yen were thought to be on behalf of the Bank of Japan.

In London, the dollar advanced to DM1.707 and Y151.25 from DM1.701 and Y149.8 on Tuesday. It was quoted around London levels at midsession in New York.

Sterling lost just over a cent to $1.639 and fell one pfennig to DM2.7975, with the pound closing at 87.8 on the Bank of England's trade-weighted index, down 0.2 points.

The failure of yesterday's intervention highlighted the continued pressure in financial markets for an increase in Japanese interest rates and continuing concern about the supposed negative effects on the Bundesbank's monetary policy of plans for currency union between East and West Germany. These factors have revived the dollar's role as a safe haven for international funds. Some monetary officials expressed concern that the dollar's resilience could undermine the credibility of central bank intervention.



Others, however, argued that it was wrong to judge the market impact of intervention on the strength of one day's results. Fed officials declined comment on current intervention tactics at a briefing in New York. However, they disclosed that the Fed spent only $750m in the three months to January 31 to prevent the dollar rising against the yen. It did nothing to prevent an 8.5 per cent slide in the US currency against the D-Mark which rallied strongly during that period.

The latest intervention was apparently agreed among the central banks independently of meetings in Japan yesterday of monetary officials from the leading industrial nations.

Since last Friday the Bundesbank has played a prominent role in concerted efforts to cap the dollar, despite its deep-seated scepticism about the value of intervention.

Officials said its dollar sales yesterday were a signal to the markets that it believed a fall in the D-Mark's value was not warranted by fundamentals.

Mr Stephen King, an international economist with London brokers James Capel, said he believed that the Bundesbank stood a better chance of limiting the dollar's rise against the D-Mark than did the Bank of Japan against the yen.

The failure of the Japanese central bank to secure an interest rate rise in the face of opposition from the Ministry of Finance had unsettled the markets, he said.

City of London economists also argue that there were sound fundamental reasons for the yen's decline against all major currencies since late 1988.

Currencies, Page 40; Markets, Section II

Japanese remain divided over interest rate policy

MR Yasushi Mieno, governor of the Bank of Japan, left Tokyo for Europe yesterday amid speculation that he was planning an increase in the official discount rate, the key short-term rate, writes Stefan Wagstyl in Tokyo.

The Nihon Keizai Shimbun, Japan's leading business daily, yesterday reported that the central bank might raise the official rate by 0.75 to 1.0 percentage points, to 5 per cent or 5.25 per cent, next week. Mr Mieno would start formal talks with the Ministry of Finance when he returned from Europe next week, said the newspaper.

"Many market people expect an increase in the near future," said a senior Bank of Japan official who declined to say what the bank intended.

However, commentators' opinions are not unanimous: the Sankei Shimbun, another leading daily, said yesterday the central bank had ruled out an immediate increase in the official rate. It was still studying the impact of the last increase in December. Mr Keikichi Honda, head of research at the Bank of Tokyo, said: "This is an interesting moment. The Nikkei says 'yes' and the Sankei says 'no'."

Bank officials' priority is protecting Japan against a resurgence in inflation, including a new wave of land price increases. The central bank believes that it contributed to the surge in land and stock prices in the late 1980s by permitting the money supply to grow quickly. It did this to ease downward pressure on the US dollar. Now, it believes it must squeeze the money supply, even at the cost of provoking plunges in stock prices.

The decline in the yen to over Y150 to the dollar is adding to the pressure for swift action. But bank officials said there was no automatic link between currency movements and discount rate changes.

Some central bank officials argue that the central bank should wait until the turmoil in the equity and currency markets subsides before making a decision on interest rates. Others say delays are fuelling uncertainty in the markets. The Nikkei index of leading stocks yesterday fell 428.74 points to 33,362.34.

The central bank last year raised the discount rate three times from 2.5 per cent to 4.25 per cent. However, the bond and stock market reacted only early this year, as investors were convinced that the increases in short-term rates would be temporary.

Continued on Page 22

British Gas to acquire Canadian gas distributor in C$1.1bn deal

By David Thomas and Steven Butler in London and Bernard Simon in Toronto

BRITISH GAS plans to spend C$1.1bn ($928m) on the purchase of Consumers Gas, Canada's largest natural gas distributor, in what will be its biggest acquisition since privatisation in 1986.

The proposed deal announced yesterday, which will have to overcome some potentially tough regulatory hurdles in Canada, will fit into British Gas's continuing strategy of trying to reduce its dependence on the relatively mature market for gas in Britain.

British Gas has completed five other large acquisitions in the past 18 months, including that of a 51 per cent stake in Bow Valley Industries, the Canadian oil and gas producer. The Bow Valley deal caused a furore in Canada.

Mr Robert Evans, British Gas's chairman, said yesterday in Toronto that the Consumers Gas acquisition would provide a base for possible expansion in Canada and the US.

Among the regulatory hurdles British Gas is likely to encounter is the Ontario Government's policy of requiring some publicly-quoted shareholding in utility companies.

However, Mr Evans has said that a 15 per cent public ownership in Consumers Gas "would not produce a problem for us."

Consumers Gas, which has more than 1m customers concentrated in prosperous areas of Canada such as Southern Ontario, increased its net income by 7 per cent to C$103m last year.

The company distributed 10bn cubic metres of gas and had a cash flow of C$1.8bn.

GW Utilities, the gas distribution and holding company controlled by Canada's Olympia & York Developments, has agreed to sell its 82 per cent stake in Consumers Gas for C$34 a share cash.

The offer price is 12.2 times Consumers Gas's expected earnings.

British Gas will finance the deal through short-term borrowings, which will increase its gearing from 12 per cent to 25 per cent.

In London, the City generally welcomed the announcement because Consumers Gas is almost entirely confined to the relatively secure distribution side of the gas business. It has previously been sceptical of British Gas's ambitions to expand its exploration and development operations.

Consumers Gas's activities outside the gas distribution business are to be sold, a move which could affect the final price.

British Gas answers call of the wild, Page 23

BROTHERS 'MISREPRESENTED BOTH ORIGINS AND WEALTH'

Harrods inquiry accuses Fayeds of numerous lies

By Richard Waters and Ralph Atkins in London

THE Egyptian-born Fayed brothers lied repeatedly to their financial advisers, regulatory bodies and the press during their £615m ($1.01bn) takeover of the House of Fraser stores group, owners of the Harrods department store, in 1985, according to a damning report by UK Department of Trade and Industry inspectors published yesterday.

In one of the most outspoken reports yet published by the DTI, the three brothers, Mohamed, Ali and Salah, are accused of giving a misleading account of their wealth and family background. The claim that they had sufficient wealth to pay for the House of Fraser out of their own money is said to have been untrue.

The inspectors, Sir Henry Brooke QC and Mr Hugh Aldous, say: "The Fayeds dishonestly misrepresented their origins, their wealth, their business interests and their resources to the Secretary of State, the Office of Fair Trading, the press, the House of Fraser board and shareholders, and their own advisers."

The Fayeds, in a statement through House of Fraser (HoF), strongly rejected these claims. "They paid in cash. They paid in full. They paid with money that was their own… in buying the House of Fraser, they misled no one," said Mr Michael Cole, a HoF director. He accused the inspectors of "ineptitude, wrongheadedness and injustice," and said their report had been completed in too much of a hurry for the Fayeds to be given a proper hearing.

Mr Nicholas Ridley, UK Trade and Industry Secretary, was met yesterday by a barrage of criticism from all sides of the House of Commons when he said that he did not intend to use powers available to him under the Companies Act to disqualify the Fayeds as company directors.

"I have concluded that it would not be in the public interest to do so," he said. "Anyone who reads the report can decide for themselves what they think of the conduct of those involved."

His two-minute statement brought an angry reaction from the Labour benches and left Conservatives profoundly dissatisfied. Mr Kenneth Warren, Tory chairman of the House of Commons' trade and industry select committee, said: "Who is going to guard the public against these crooks?"

The inspectors' report was completed in June 1988 but has not been published to allow time for the Director of Public Prosecutions and the Serious Fraud Office to investigate whether anyone should be prosecuted over the events it covers. The decision not to prosecute was announced last week.

Although the Fayeds are accused of dishonesty at many places in the report, the City of London establishment is also criticised for giving such credence to their claims. In particular, Kleinwort Benson, the brothers' merchant bank adviser during the takeover, is criticised for lending its name to their claims without verifying them independently.

The Office of Fair Trading and Department of Trade and Industry are cleared over their decision not to refer the bid to the Monopolies and Mergers Commission, having justifiably relied on the assurances of the Fayeds and their advisers.

The report describes how the Fayeds claimed to the Office of Fair Trading at the height of their bid that they were worth more than $1bn, although two years later they revised this down to $760m.

Even the lower figure, though, was inflated by "hope value", and the picture that had been given was "inaccurate and misleading".

The inspectors conclude that the brothers could not have bought the House of Fraser on their own, and say that it is likely that the money they used in fact belonged to the Sultan of Brunei, one of the world's richest men. Mohamed Fayed was an adviser to the Sultan and held powers of attorney from him at the time of the bid.

This allegation was denied yesterday by the Fayeds, who continued to insist that the money had been their own and that the Sultan had not been involved in any way.

The inspectors say: "The Fayeds produced to us birth certificates which were false and which they knew to be false.

"They repeatedly lied to us about their family background, their early business life and their wealth."

Family background, chronology, analysis, Page 13; Editorial Comment, Page 20; Lex, Page 22

Hardly an end to the saga

By Andrew Hill and David Lascelles in London

ANY BELIEF that the publication of the Department of Trade and Industry's House of Fraser report would finally end the five-year saga was quickly dashed.

Within minutes of the report's official publication, Mr Michael Cole, House of Fraser's media director, said: "[The DTI inspectors] have dishonoured themselves and the whole procedure of DTI inquiries."

Mr Mohamed Fayed, usually spokesman for the three brothers who control House of Fraser, did not attend the early morning press conference in Harrods, its flagship London store. Mr Cole said the group had been shocked by the ineptitude, extreme language, wrong-headedness and injustice of the 752-page document.

Mr Tiny Rowland, Lonrho's chief executive, who has headed the campaign against the Fayeds' takeover of House of Fraser, was also notable by his absence yesterday. He was en route to Africa on business. So, two hours after the Harrods meeting, it was Sir Edward du Cann, Lonrho's chairman, who confirmed that the group would use the courts to "remedy the wrongs done to it."

Lonrho was already pursuing three court cases against House of Fraser, he said, and would now consider civil action to recover unspecified damages.

There were brickbats and bouquets from the two sides

Continued on Page 22

THE SOVIET UNION

The Soviet Union is in the throes of a social, political and economic revolution that may well be as far reaching as the 1917 October Revolution. On Monday March 12, a day after the fifth anniversary of Mikhail Gorbachev's ascent to power, the Financial Times will publish a survey on the Soviet Union.

This 20-page survey, one of the most ambitious yet mounted by the FT, took a team of six of its journalists across the length of the country, collaborating closely with the FT's staff bureau in Moscow. The survey will provide a provocative assessment of the problems and prospects for a superpower in turmoil.

CONTENTS

Mandela peace mission faces formidable task in Natal

Nelson Mandela (left) has set himself the task of making peace between the peoples of South Africa. But the pressing task is to find a solution to the strife between black communities in Natal. Page 6

MARKETS

STERLING
New York lunchtime: $1.6375
London: $1.6390 (1.6500); DM2.7975 (2.8075); FFr9.4525 (9.4875); SFr2.4700 (2.4750); Y248 (247.25); £ index 87.8 (88.0)

GOLD
New York: Comex Apr $405.1 (406.1)
London: $400 (404.75)

N SEA OIL (Argus)
Brent 15-day Apr $19.20 (19.375)

Chief price changes yesterday: Page 23

DOLLAR
New York lunchtime: DM1.7087; FFr5.772; SFr1.50825; Y151.375
London: DM1.7070 (1.7010); FFr5.7675 (5.7500); SFr1.5065 (1.4995); Y151.25 (149.80); $ index 68.3 (68.0)
Tokyo close: Y150.75

US lunchtime rates
Fed Funds 8⅜%
3-mo Treasury Bills: yield: 8.152%
Long Bond: 99 13/32; yield: 8.554%

STOCK INDICES
FT-SE 100: 2,230.3 (+14.3)
FT Ordinary: 1,757 (+11.3)
FT-A All-Share: 1,107.51 (+0.5%)
New York lunchtime: DJ Ind. Av. 2,678.8 (+1.8); S&P Comp 336.02 (+0.09)
Tokyo: Nikkei 33,362.34 (−428.74)

LONDON MONEY
3-month interbank: closing 15 7/32 (same)
Liffe long gilt future: June 88 3/32 (82 11/32)

EUROPEAN NEWS

Social Democrats fear loss of E German support

By David Goodhart in Bonn

THE West German opposition Social Democrats yesterday attacked the ruling Christian Democrats in Bonn for indicating to East German voters that financial support will start flowing into their country only if they vote for the centre-right alliance.

The SPD party is increasingly worried that support for their sister party in East Germany, currently well ahead in the opinion polls, may be weakening in the face of a hard-hitting campaign from the Alliance for Germany backed by the CDU in Bonn.

Mr Hans-Jochen Vogel, the SPD leader, made the comments yesterday after an SPD executive meeting had decided to give its backing to the more gradual Article 146 road to unity rather than the speedier Article 23 route. It did not, however, rule out the latter completely. Article 146 requires the writing of a new joint constitution, to be endorsed by a referendum, and thus should give East Germany greater influence in the process of unity.

The party also backed the position of Mr Hans-Dietrich Genscher, the Foreign Minister, in supporting a hybrid solution to military pact membership – at least for a limited period – in a united Germany. Despite recent statements from Mr Oskar Lafontaine, the deputy leader, suggesting that a united Germany could not remain in Nato, the party has said that the two Germanys can remain in their respective pacts until a new security system is established.

Mr Manfred Wörner, the West German secretary-general of Nato, also yesterday said that he did not rule out the continuing presence of Soviet troops in East Germany even after unification.

Meanwhile, funding for the four-nation Eurofighter Aircraft has come under renewed pressure in Bonn with the government's own fraction on the powerful budget committee of the Bundestag calling for a report into the effects of a withdrawal from the project. It had been expected that West Germany would remain in the development stage of the project despite extra financial pressures arising from unity.

Also yesterday Mr Gerhard Stoltenberg, Defence Minister, said the US would withdraw all its chemical weapons from West Germany between July and September. The weapons, which include 400 tonnes of nerve gas, are the last major Nato stockpile in Europe.

In the Bonn cabinet committee the Labour Ministry proposed that pensions and unemployment benefit should be gradually raised to 70 per cent of East German income, roughly the West German percentage, from the current level of less than 60 per cent.

Moscow will want its "legitimate economic interests" protected in any merger between the two Germanys, the Soviet ambassador to the EC warned yesterday, writes David Buchan in Brussels.

Mr Vladimir Shemiatenkov said existing ties "should be maintained, even developed further" and he suggested a future united Germany could be a bridge between the two parts of Europe".

Soviet proposals to switch Comecon from barter trade to hard currency might entice a united Germany into some association with Comecon.

Foreign Minister Gerhard Stoltenberg (right) announces the withdrawal of all US chemical weapons from West Germany this year. With him are Gen John Heldstab (left), US deputy chief of staff for operations in Europe, and West German defence spokesman Winfried Dunkel.

DEBATE OVER REPARATIONS

Kohl may benefit from stand

By David Goodhart in Bonn

MR HELMUT Kohl's temporary linkage of a German guarantee for Poland's western border with a renunciation of reparation claims may have caused an international uproar but it could also have given the West German Chancellor a populist boost in the two Germanys.

In East Germany, anti-Polish feeling remains quite strong and in West Germany people believe that their country has already paid enormous sums in compensation for the Second World War and are horrified by misleading reports of Polish claims for up to DM500bn (£179bn). The truth is rather different.

West Germany has in fact paid only DM3bn in official reparations – compared with 66m marks paid by East Germany. That is because at the London Debt Agreement in 1953 the main western countries agreed to waive their reparation claims against Germany, at least until the signing of a formal peace treaty, in return for the repayment of some ordinary debts which had been suspended as a result of the currency reform of 1948. In the same year, the Soviet Union and Poland renounced their claim to official reparations from Germany (although some people argue they meant only East Germany).

Later in the 1950s, however, West Germany passed a Compensation Law under which more than DM80bn has been paid out to those who suffered at the hands of the Nazis. There were a few token payments to states – France receiving by far the largest payment of DM400m – but most money went to individuals. About 80 per cent of the money has gone to people living outside Germany and the major share of that to Jews.

A few payments were made to east European countries for the suffering caused through Nazi medical experiments, but the largest remaining claim on the German purse comes from the nearly 1m elderly East Europeans who worked as slave labourers or suffered in concentration camps.

The Polish Government is supporting the civil claims of its own former slave workers but, as Mr Kohl seemed to forget recently, that does not amount to a claim for state reparations. According to compensation experts in Bonn, with close contacts with the Polish Government, the amount claimed is a symbolic DM2,000 per person, with the total for the whole of eastern Europe coming to less than DM2bn.

Bonn has long insisted that no official reparations claims can be made without a peace treaty. Now there is to be no treaty and Bonn, understandably enough, is saying that the whole concept of reparations is anachronistic. The Government has suggested that a fund be set up by the German companies which benefited from the slave labour but the response has not been enthusiastic. Eventually, however, some sort of foundation is likely to be formed with backing from the Government and industry to pay out a few more billion D-Marks before closing the compensation book.

Gorbachev may make £21bn claim against Lithuania

By Quentin Peel in Moscow

MR Mikhail Gorbachev, the Soviet leader, appears to be preparing the ground for a massive compensation claim by the Soviet authorities against Lithuania, if the Baltic republic insists on going ahead with its demand for outright independence.

Radio Vilnius, the official radio station, said the first indication of the claim was given by Mr Gorbachev to Mr Algirdas Brazauskas, leader of the independent Lithuanian Communist Party, this week. The report suggested that it might total Rbs21bn (£21bn), including both capital assets, and an estimate of "undelivered production" to the rest of the Soviet economy.

Such a claim would be in line with the draft law on secession currently under discussion in the Supreme Soviet (standing parliament) in Moscow, which states that talks must be held on compensation between any republic wishing to leave the USSR, and the central authorities.

However it is angrily rejected by proponents of Lithuanian independence, including the Sajudis national movement, which looks set to gain a clear two-thirds majority in the republican parliament during the current round of elections.

They maintain that any investments by the rest of the Soviet Union in Lithuania, since the republic was annexed by the Red Army in 1940, were more than compensated for by Lithuanian contributions to the Soviet economy.

Clearly manoeuvring over the issue of independence is coming to a head, in advance of the Lithuanian Supreme Soviet's planned meeting which is expected to announce a programme for negotiations with Moscow "to restore Lithuanian statehood" – on the grounds it never legally became part of the USSR.

A commission drafting a plan on the independence process met in Vilnius, the Lithuanian capital, on Tuesday, and proposed that "the independence of the Lithuanian state will be restored on the basis of legal confirmation of the Independence Act of 1918."

41m Soviet citizens 'live below poverty line'

ABOUT a seventh of the Soviet population, 41m people, live below the poverty line, most of them in the southern republics, the progressive weekly Moscow News reported yesterday, Reuter reports from Moscow.

The lowest number of poor live in Latvia, Lithuania and Estonia, the formerly independent Baltic republics absorbed in 1940 after a pact between Stalin and Hitler.

According to the report's author, investigative reporter Mr Vladimir Guryevich, 41m of the Soviet Union's approximately 288m people have incomes of less than Rbs 78 (£78) a month – the official poverty level.

The average urban monthly wage in the Soviet Union is Rbs 259, about half of which goes for food. Most rents are extremely low, however, since they are subsidised.

The Central Asian republics were clearly shown to be the Soviet Union's poorest in a table accompanying the article. It said 58.6 per cent of the population of Tadzhikistan lived below the official poverty line with 44.7 per cent below the line in Uzbekistan and 37.1 per cent below in Kirghizia.

Berlin to unify administration

By Leslie Colitt in East Berlin

EAST and West Berlin will take the first step next week towards restoring a single administration of Berlin since the magistrate (city government) of Greater Berlin was split under Soviet pressure in December 1948.

Mr Walter Momper, the governing mayor of West Berlin, and Mr Christian Hartenhauer, his East Berlin counterpart, agreed late on Tuesday to exchange senior city officials who will work out details of the amalgamation. An office of legal adjustment with officials from both sides will be set up in the East Berlin magistrate to unify the diverging legal systems.

Another office will be established in the West Berlin senate (city government) to create a joint Berlin administration. The press offices of the senate and the magistrate will swap officials for two-week periods starting next week. But the most symbolic step will take place after East Germany's local elections on May 6 when the legislatures of East and West Berlin are to meet in joint session.

A mixed commission will be formed then to work out details of the city's unification.

Both mayors agreed that the process of reunifying Berlin should take place simultaneously with Germany's unification.

The timetable indicated that the two sides are anxious to achieve quick results. All-Berlin elections, however, are not to be held until unity has been accomplished.

Mr Hans Modrow, the East German Prime Minister, in a speech to the last session of the Volkskammer (parliament) before elections on March 18 appealed for a gradual unification of East and West Germany.

German unity touches raw nerves

One storm has abated, but others are likely to blow up in future

NOW that Chancellor Helmut Kohl has given an apparently unequivocal guarantee of the permanence of the Oder-Neisse line as the frontier between Poland and Germany, the uproar over the terms and conditions of German unification has somewhat abated.

Mr Kohl's gesture has been cautiously welcomed by the Poles and by the Russians, and it will certainly be welcomed by the French, who had become increasingly severe in their insistence on the Oder-Neisse frontier, and were critical of the Chancellor's previous ambiguities.

His backdown also comes as a relief to his partners in the Bonn coalition, who feared that the Chancellor's obsessive wooing of the right-wing vote ahead of December's elections was serving mainly to alienate the rest of the world.

But even if this particular storm has subsided, it has been forcibly reminded that the question of German unification touches neuralgic nerves in the rest of the world, and especially among Germany's eastern neighbours. This storm may have abated, but others are quite likely to blow up in future.

Moreover, the episode is a striking demonstration of the dislocation between the politics of theatre and gesture, and the politics of hard fact. In the world of theatre, Mr Kohl attempted to leave just enough space round the margins of a renegotiated eastern frontier to lure the votes of Germans dispossessed of land in what is now Poland. But in the world of hard fact, there is not now, and there has never been, [illegible] Oder-Neisse [illegible]. In the world of fact, the frontier question can only be settled after the two Germanys are united in a single state; in

IAN DAVIDSON ON EUROPE

this case, Mr Kohl's reticence is rational, since the government and parliament of a united Germany may well be quite different from the government and parliaments of the two component states.

The demand by the rest of the world, that the present rulers of West Germany should give binding guarantees now of the permanence of the Oder-Neisse frontier, is entirely understandable; but it is part of the world of theatre.

Similarly, Mr Mikhail Gorbachev is indulging in the world of theatre, when he insists that a unified Germany cannot be a member of Nato. The Soviet Union cannot acquire a veto over the roll-call of the Western alliance.

Of course, with their forays into the world of theatre, both Mr Kohl and Mr Gorbachev are responding to powerful compulsions of domestic logic. But the problem of German unification is subject to an international logic, which produces effects which are quite different, and even opposite, to those of the domestic pressures.

Chancellor Kohl's domestic political objective was to gain freedom of manoeuvre at home; but the most probable result is that he will lose freedom of manoeuvre abroad.

The Warsaw Pact has been disintegrating; but thanks to Chancellor Kohl, the Polish Government has called for Soviet troops to stay in East Germany. For many years France has made its special relationship with West Germany a pivot of its foreign policy; but last week the French Foreign Minister denounced Mr Kohl's "ambiguity".

A month ago, at a meeting with Mr Kohl in Moscow, Mr Gorbachev gave the German Government a free hand to decide on the "timing, principles and form" of an eventual unification of the country. But the effect of all the uproar is that the process of unification will be more closely monitored by the outside world, and may be more internationalised.

The consultation process between the two German states and representatives of the Four Powers has been speeded up, with the first meeting brought forward to next week; in response to the uproar, the Soviet Union may well seek to prolong into an indefinite future the supervisory rights of the Four Powers.

A growing number of neighbouring European states have protested at being left out of the Four-Power consultation process; the French Government has said it will ensure that Poland will somehow be associated with it. Since it is impossible for 35 countries to crowd into the same room as the Four Powers, there will be a rising clamour to ensure that this year's planned pan-European summit, originally scheduled to crown the conclusion of an agreement on deep cuts in Europe's conventional armaments, should be transformed into a forum for circumscribing the impact of German unification.

No-one knows what will be the economic effects of unification; but even if the long-term prospects are rosy, it is a fair bet that the short term will be difficult in terms of public spending, inflation and political stress. For these reasons, some French foreign ministry analysts believe a united Germany will need the support of the rest of the Community.

This need will override purist reservations in the Bundesbank at the dangers inherent in economic and monetary union (Emu), they believe, and therefore there are good prospects that the end-year negotiations on Emu will not after be dragged down by German resistance.

But the political forces driving in the same direction have also become more powerful. The Germans cannot now avoid intrusive pressures from the rest of Europe, and they may well encounter serious demands for effective limitations on their sovereignty. Those demands will be framed either in the Four-Power forum, or in the pan-European Helsinki process; they can only be parried if the Germans can show that they are already voluntarily surrendering sovereignty, through the integrative process of the European Community.

COMPANY NOTICES

Brussels report forecasts bright future for EC steel industry

By Lucy Kellaway in Brussels

THE European steel industry has left its crisis years behind and has a bright five years ahead, according to a study by the European Commission.

New figures suggest that production in 1995 will be up to 5 per cent higher than in 1988, itself an unusually good year for the industry.

The Commission argues that steel has become an industry like any other, able to stand on its own feet. From now, decisions on investment and capacity made by governments and the Commission should be taken by the companies themselves, it says.

The study, which is the basis of a long-term review of EC steel policy, will be discussed by industry ministers in May. It sets as a priority relations with third countries, and makes a plea for rules to be set within Gatt limiting steel subsidies and reducing tariffs and other trade barriers.

'Industry can now stand on its own feet like any other'

The report questions the traditional role of capacity utilisation as a guide to the overall profitability of the industry. New production technologies like continuous casting mean that steel plants can be profitable with about 70 per cent capacity, rather than about 80 per cent previously, it says.

Two scenarios until the mid-1990s are presented, one based on a faster rate of economic growth than the other. According to the more optimistic version, production would rise from 137m tonnes in 1988 to 143.3m tonnes in 1995, implying a capacity utilisation rate of 74.7 per cent. The lower forecast puts production at only 139.5m in 1995, or 74.4 per cent of maximum capacity.

Demand is expected to rise over the period by nearly 3 per cent to 114.7m tonnes in 1995 compared to 111.7m in 1988. However, the Commission is expecting a small cyclical dip in 1992 to about 110.7m tonnes.

The study makes explicit for the first time the need for new investment to protect the environment, which it says will be taken into account in approving new investments in the industry. It also suggests that the traditional guidelines on granting Community money to the industry – which cover the social costs of laying off steel workers – should be more broadly interpreted to cover training.

De Benedetti to face bank failure inquiry

MR Carlo De Benedetti, the Italian industrialist, is to be questioned by magistrates investigating the collapse in 1982 of Banco Ambrosiano, Italy's biggest private banking failure, judicial officials said yesterday, Reuter reports from Milan. He was the bank's vice president briefly in 1982.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, Guiollettstrasse 54, 6000 Frankfurt-am-Main 1; Telephone 069-7598-0; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.
Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

Industry sales fall 29% as recession bites in Poland

By Christopher Bobinski in Warsaw

POLAND'S economy remains beset by recession. In February - the second month of an IMF approved austerity programme – industrial sales fell by 29.3 per cent, according to preliminary figures issued by the Government's Central Statistical Office (GUS).

Over the first two months of the year, sales are down 23.5 per cent compared with the same time last year. Among the hardest hit sectors, food processing saw a drop of 39.1 per cent and light industry a fall of 32.2 per cent.

Industrial wages grew by 15 per cent compared with an expected 23 per cent rise in prices in February.

The Government said last week that unemployment soared to 152,000 by the end of February from 9,600 in December.

The Government hopes to slow the fall in output by reducing prohibitive credit interest rates as inflation declines.

The National Bank has progressively cut the basic monthly interest rate from 36 per cent in January and 20 per cent in February to 10 per cent in March.

Hard currency exports in February were double those in January. But for the first two months exports, worth $1.1bn, were 2.8 per cent down on the same period last year. Imports at $833m have fallen even further behind, resulting in a trade surplus that is a fifth higher than a year ago.

Coal mining unions and management meanwhile reached a new pay agreement yesterday which assumes that the industry will no longer work on Saturdays. In the past, Saturday working has provided 30m tonnes of coal a year.

Miners will receive a 40 per cent increase in their weekday earnings to make up for wages lost from Saturday working, which in the past has provided a third of miners' monthly earnings. Demand for energy is falling while coal prices are rising so consumption this year could drop 30m tonnes.

● Mr Jean-Louis Servan-Schreiber's L'Expansion group is to go ahead with a joint venture with the Gazeta Bankowa, a Polish financial weekly founded 18 months ago. He will take a 51 per cent stake in the 20,000 circulation newspaper in the first major agreement of its kind in Poland.

Oil troubles the political waters of divided Baku

Peter D. Carlin explains the economic grievance which underlies Azerbaijan's recent inter-ethnic strife

BLOODSHED in January hauled the Soviet republic of Azerbaijan onto the world stage by making it a focal point of political opposition to the Soviet authorities. At least 160 people died in battles between Armenians and Azerbaijanis. The conflict grew out of complex ethnic problems but the politics of the region's oil industry also helps explain the historical roots of the republic's turmoil.

To say oil transformed the life of Azerbaijan understates the obvious. With the granting of oil concessions on crown land in 1872, wealthy European entrepreneurs flooded capital into the area and transformed Baku, the republic's capital, into the world's largest oil city. In 1883 Baku was a small port town of 14,000 inhabitants. By the turn of the century immigrants had swelled the city to 208,000.

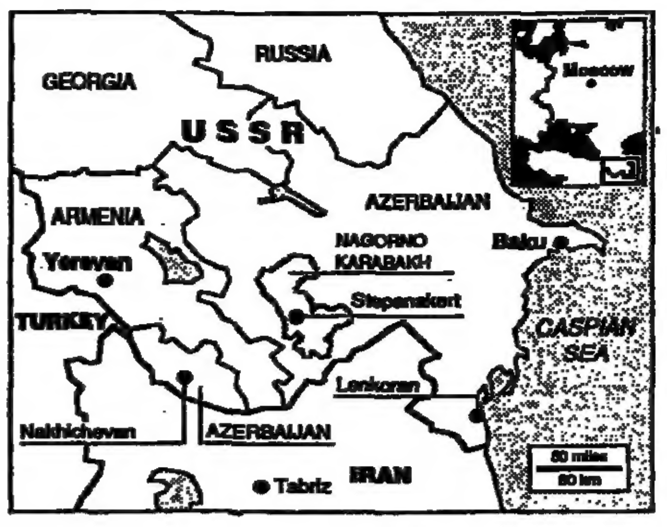
The result was a boom town. An immigrant nouveau riche emerged, distinctly separate from the growing shanty towns of unskilled local villagers seeking work.

Baku's expansion into a large industrial city stratified ethnic communities along economic lines, accentuating established differences of religion, custom and race. Fundamental ethnic antagonisms were not resolved in Baku a hundred years ago, and the same antagonisms remain today.

The internationalisation of Baku's oil industry was also accompanied by a rapid vesting of the wealth of the region in the grasp of central government. As the industry fell under a system of government regulations and leases, competitive tendering soon drove the ownership of oil wells and related industries out of Azerbaijani hands and into those of Russians, Armenians and Europeans. Azerbaijanis owned 88 per cent of all oil wells in 1870, but after 1872 this figure fell to 13 per cent.

The displaced Moslem bourgeoisie perceived more than a simple religious prejudice in what they viewed as a Russian-Armenian conspiracy to deny them access to their indigenous economy. Their further "exemption" from the military draft in Tsarist Russia left them unarmed after the 1917 revolution.

When the Baku soviet (city council) itself continued to deny the Azerbaijanis access to arms after the revolution, a massive assault was launched at the Shamkor station of the Baku-Tiflis railway line to intercept arms from the Russians and keep them from the Baku Soviet. Up to 1,000 Azerbaijanis died in a battle which became an emblem of their nationalism and anti-Russian feeling.



Shortly after this event, Azerbaijanis stormed garrisons at Lenkoran and Shemakha and drove the Bolsheviks out of Petrovsk. The result was described by a trainee Russian officer named Baikov in his memoirs of the revolution in Baku. He explained that "Armenians displayed an attachment to Russia, seeing in her their only protection from physical annihilation."

In Baku, Armenian groups were closely allied with Bolsheviks and their combined forces shut-down a weak Azerbaijani resistance.

The eventual consolidation of Soviet power preserved an ethnic distribution of the city whereby Russians comprised some 42 per cent of the population and Armenians 18 per cent, with the remainder Azerbaijani. The population continued along these ethnic proportions until Baku had grown to city of 800,000 by 1939.

The Baku area retained its predominance in Soviet oil, fueling most of the country's war effort. In 1940, at the peak, the Caucasus oil region accounted for over 70 per cent of the Soviet Union's crude production and over 80 per cent of oil refined.

Oil output in the region has since dipped, making up 8 per cent of total production in the mid-1980s and only about 3 per cent today. Only offshore development in the Caspian Sea has prevented a total collapse of the region's oil industry.

Baku remains a production centre for oil industry equipment, but the gradual marginalisation of the area's natural resources has had political ramifications. In particular, the Azerbaijanis are bitter about what they see as a rapacious Russian-sponsored and Armenian-conducted destruction of their nation's wealth as the Soviet Union sought to counter the advent of power of the Organisation of Petroleum Exporting countries (Opec) in the 1970s.

Crude drilling and exploitation techniques by the Soviets promoted excessive waste and left an ecological scourge over the area.

Moreover, problems have also arisen from the recent merging of the oil and gas ministries, the clear-out of their management by Mr Mikhail Gorbachev, the Soviet leader, and the requirement that the oil enterprises become "self-financing" and responsible for their own profitability.

Oil equipment-making companies have apparently failed to gain any sense of independent direction and caused chronic production failures. Producers have been left without necessary supplies. This economic dislocation, in Baku as throughout the area has been a significant factor behind the violence and acrimony of the past months.

The dispute over the mountainous enclave of Nagorno-Karabakh, over which both ethnic groups claim sovereignty, is seen as the main point of contention between Azerbaijanis and Armenians, but low-level conflict has existed in Baku for years. Mr Gorbachev has maintained that a violent minority is behind the current conflict, but the mass demonstrations in Baku do not support this view. As was the case during the Bolshevik revolution, for instance, there have been large-scale attempts by the Azerbaijanis to seize Soviet military supplies.

Baku's marginalisation has contributed much to the recent conflict in Azerbaijan, and the rapid ethnic organisation of the city more than a century ago has contemporary significance.

Peter D. Carlin is a PhD student in Middle East strategic studies at King's College, London

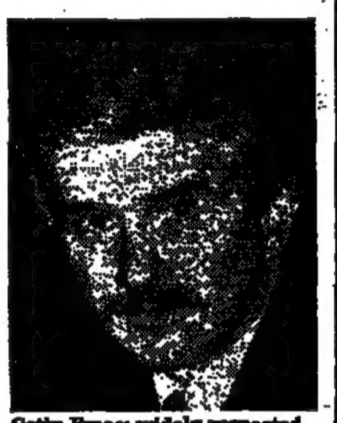
Turkish journalist murdered in Istanbul

By Jim Bodgener in Ankara

GUNMEN yesterday shot dead Mr Cetin Emec, a widely-respected columnist and board member of Turkey's mass-circulation daily Hurriyet, in what appeared to be a highly professional killing in the city of Istanbul.

There was no immediate claim of responsibility for the killing, which was roundly condemned by leading figures across the political and social spectrum.

It raised fears of an organised campaign of destabilisation linked with the murder last month in Ankara of Mr Muammer Aksoy, head of the Turkish Law Institute. A previously unknown Islamic group claimed responsibility for his death. Like Mr Aksoy, Mr Emec was widely known for his secularism in the context of Kemalism, the state doctrine laid down by Mustafa Kemal Ataturk, the Turkish republic's founder.



Cetin Emec: widely respected

Meanwhile an all-party proposal for the establishment of a human rights commission was submitted to the Turkish parliament yesterday for inclusion in the debating schedule.

President Turgut Ozal announced plans for the commission in his inaugural speech early last November.

Hungary seeks UK help on privatisation

By Peter Montagnon, World Trade Editor

HUNGARY is seeking to profit from Britain's experience of privatisation by recruiting two British advisers to help it sell off its own state-owned companies.

The advisers are being sought on Budapest's behalf by the UK Overseas Development Administration to work in the Hungarian Government's State Property Agency, the privatisation body being set up with the help of $86m in finance from the World Bank.

They will be involved in valuations, organising sales and advising on the timing and scope of privatisation, the ODA said yesterday. It is funding the positions from its £25m "know-how" fund for Hungary, launched last year.

Separately, ODA is recruiting British nationals to work in Poland's Export Development Bank, which is being created with DM50m finance from the International Finance Corporation, the World Bank's affiliate which channels funds to the private sector.

These posts will be funded from the UK's £50m "know-how" fund for Poland.

Soviet car piston venture for Europeans

By John Griffiths

WESTERN Europe's growing involvement with the Soviet motor industry is being taken a step further with the setting up of a four-way joint venture to produce car pistons at Rostov, aimed at reaching output of 8m a year in 1992.

The western partners are UK vehicle components and materials group T & N, formerly Turner & Newall, and the Italian components concern, Fata Group SRL.

The Soviet counterparts are a government agency, V/O Autoexport, and the state-owned Kalinin piston plant in operation at Rostov, some 600 miles south of Moscow and which supplies pistons for Lada cars.

An outline agreement for the venture was signed in November, it was disclosed yesterday. This was at about the same time as Fiat and Soviet officials were signing an agreement for a far larger joint venture to produce 300,000 new-design cars at a new facility about 1,000 miles south-east of Moscow.

The Rostov venture involves modernisation of the plant and additional production lines.

Bulgarian poll likely to be postponed until June

By Judy Dempsey in Vienna

BULGARIA'S first free parliamentary elections for more than four decades are expected to be postponed from May until June following a compromise between the ruling Communist Party and the Union of Democratic Forces, the umbrella group for the opposition parties.

The UDF had objected strongly to the May election, saying it wanted an autumn poll to have time to prepare.

Talks between the authorities and the opposition remain acrimonious. The UDF, which recently formed an electoral pact among eight opposition parties, is insisting the Communist Party disband all its workplace branches. It also wants to be consulted on all important bills before they go to the National Assembly.

So far, the UDF has failed to come up with a coherent economic and political programme. It hopes to do this – and heal serious divisions in its ranks – during its first national conference tomorrow.

The Communist Party, led by Mr Alexander Lilov, who was elected party chairman in January, and Mr Andrei Lukanov, the Prime Minister, is meanwhile attempting to regain the initiativeinitiative in response to a spate of anti-government demonstrations criticising the slow pace of the reforms.

Earlier this week, the National Assembly pushed through a series of radical measures which legalised strikes and permitted Bulgarians to buy and sell property without restrictions.

Austria's largest industrial group expands inter-nationally under a new name.

Rafsanjani optimistic over release of hostages

IRAN'S President said yesterday he believed the Lebanese hostage crisis would be resolved, adding he had received indirect messages on the issue from the US, Reuter reports from Nicosia.

"My feeling is that the issue of the hostages is moving towards a solution," Irna, the Iranian news agency, quoted President Ali Akbar Hashemi Rafsanjani as telling a Tehran news conference.

His remarks gave edge to hopes raised by reports of efforts in recent week to secure the release of 17 westerners, including eight Americans and four Britons, believed to be held by Lebanese Shia Moslem extremists loyal to Iran.

Other foreigners held include: Three Iranians and their Lebanese driver seized at a Christian militia checkpoint in 1982; Three Israeli servicemen missing since 1986 and Egyptian Moslem cleric Mohammed Mahmoud el-Jiar, who was seized in south Lebanon in March, 1988.

Mr Rafsanjani said Iran had received messages from the US about the hostages through western politicians visiting Tehran but was not talking to Washington directly.

However, a pro-Iranian Moslem group holding two Americans captive yesterday ruled out any imminent release of hostages.

"There is not a single tendency for the release of hostages," the Revolutionary Justice Organisation (RJO) said in a statement which was sent to Beirut's independent an-Nahar newspaper.

It accompanied its statement with a black-and-white photograph of American hostage Mr Joseph James Cicippio. The group also holds American book salesman Mr Edward Austin Tracy.

An Iranian foreign exchange dealer in London told Reuter that Mr Rafsanjani's remarks helped raise the rial to 1,320 to the dollar on Wednesday from 1,340-1,350 on Tuesday.

Many buyers held out, expecting further falls in the dollar, he said.

Mr Rafsanjani said: "We have told them [Washington and London] that we will use our influence only when they mutually use their influence for the release of Iranian hostages and also reduce their mischievous acts," he said.

Nothing has been heard of some of the Western hostages since they were abducted.

Syria, Iran's only Arab ally, which is the biggest foreign influence in Lebanon, has acted as a broker in previous hostage releases.

Irna quoted Mr Hussein Mousavi, a member of the central council of Lebanon's Hizbollah (Party of God), which is widely believed to hold some of the hostages, as saying that co-operation between Iran and Syria was the key to their release.

Rafsanjani said recent statements by Lebanese cleric Sheikh Mohammed Hussein Fadlallah - spiritual leader of Hizbollah - and regional contacts had raised hopes of a release.

"The timing of statements by... Fadlallah and an article by an English daily on the release of the hostages seem to have created some hope. And they themselves have established contacts with regional governments and my feeling is that the issue of the hostages is moving towards a solution," IRNA quoted Rafsanjani as saying. He did not give any details of the contacts.

Slower Hong Kong growth leads to tight budget

By John Elliott in Hong Kong

HONG KONG was yesterday presented with a belt-tightening budget which reflects a sharp decline in the colony's rate of growth to 2 per cent last year and a dramatic drop in the budgetary surplus from an estimated HK$9.3bn (£723m) in 1989-90 to less than HK$1bn projected for the coming year.

These changes in an economy which was booming at an annual average rate of about 13 per cent in 1986 and 1987, have been caused by the decline in world trading conditions, as well as the past year's slowdown in China's closely-linked economy.

Last year's 2.5 per cent GDP growth compares with forecasts in last year's budget of 6 per cent. The forecast for next year is 3 per cent and longer-term growth rate forecasts have been trimmed from 6 per cent to 5.5 per cent.

There was no growth in domestically produced exports last year in real terms, and the growth of re-exports from countries such as China, which use Hong Kong as an entrepôt, rose by only 19 per cent compared with 46 per cent a year earlier.

Export problems were compounded by an increase in the value of the Hong Kong dollar, which is linked to the US dollar, in the first half of the year.

Private consumption expenditure rose by only 3 per cent, compared with 9 per cent in 1988, while growth in investment fell from 6 per cent to about 1 per cent, with 2.8 per cent forecast for this year.

Yesterday Sir Piers Jacobs, the Financial Secretary, delivered an annual budget speech aimed at curbing unnecessary public expenditure and raising a limited amount of extra taxation, mainly from consumers and upper-income earners.

His target is to build an economy that is sound enough both to carry out airport and other infrastructure projects, estimated to cost more than HK$130bn in the next 12 years, and to withstand uncertainties as Hong Kong approaches its return to Chinese sovereignty in 1997.

Sir Piers, who has built up a reputation for failing to predict the course of the Hong Kong economy accurately, is still resting comfortably on consolidated reserves of HK$71bn, which amount to about 85 per cent of consolidated public expenditure. But he warned yesterday that Hong Kong, whose economy is highly susceptible to factors outside its control, in China and elsewhere, could no longer "take surpluses for granted."

The current financial year's surplus of HK$9.3bn (on expenditure of HK$73.1bn and revenue of HK$82.4bn) compares with an earlier estimate of HK$11.5bn.

Increases in public spending of around 26 per cent in nominal terms (about 10 per cent in real terms) proposed for the coming year would have turned this surplus into a deficit of HK$2.4bn, after substantial transfers to reserve funds, if Sir Piers had not introduced taxation increases.

The tax changes are the biggest that Sir Piers considers socially and politically acceptable, even though they leave him with a surplus of only HK$720m, which is considerably smaller than his forecasting errors in recent years.

Duties are being raised by 30 per cent on petrol and diesel, 10 per cent on all liquors and alcohol, and 25 per cent on tobacco, and there are also increases in car and betting taxes. Rates, business, bank and deposit-taking licence and registration fees and other charges are also being raised.

Sir Piers has also been forced by a mixture of public opposition and apathy to shelve indefinitely plans he devised three years ago for introducing a sales tax. Instead he has begun to move from direct to indirect taxation.

Israel avoids making peace talks decision

By Hugh Carnegy in Jerusalem

ISRAEL'S chronically divided Government yesterday backed off making a definitive response to US proposals on starting Israeli-Palestinian peace talks. Cabinet discussion of the issue was adjourned until Sunday.

Despite strong pressure from Washington for a decision, the tensions both between and within the Likud and Labour coalition partners again prevented either agreement on terms for the talks or final disagreement leading to the break-up of their 15-month government.

Both sides continued to signal, however, that a resolution one way or the other was drawing closer. Labour ministers, who had originally set yesterday as a deadline, said they would recommend that the party pull out of the coalition if the go-ahead for talks with the Palestinians was not agreed on Sunday. Mr Yitzhak Shamir, the Likud Prime Minister, said a decision would be taken then.

The parties are at odds over the participation in talks and subsequent elections of Palestinians from Jerusalem and, to a lesser extent, those deported from the Occupied Territories. The US has proposed the inclusion of both to satisfy minimum Palestine Liberation Organisation demands. Labour agrees to such a formula, but Likud has balked, seeing it as tantamount to PLO involvement and a threat to Israeli control of Jerusalem.

These positions have been clear for weeks. But Mr Shamir's anxiety to preserve the Government, and thus his supremacy in the Likud, and Labour nervousness about its electoral prospects have sustained the search for a compromise.

Mr Shimon Peres, the Labour leader, underscored both his impatience and his party's largely unspoken willingness to allow the PLO a backroom role in any talks when he attacked Likud yesterday for pretending the organisation was not involved. "Don't they know the Americans are in touch with the PLO? Don't they know Egypt is in contact with the PLO? Don't they know what has happened up to now?" he said on Israel Radio.

● Hundreds of Palestinian women on Wednesday briefly took over offices of the International Committee of the Red Cross (ICRC) in the occupied territories to demand protection from Israeli repression, Palestinians said.

On the eve of International Women's Day, the women held sit-ins in the ICRC offices in Nablus and Bethlehem on the West Bank, and in Gaza, Khan Yunis and Rafah in the Gaza Strip, the Palestinian said.

In Nablus, 300 women handed Red Cross representatives a request for international help to protect Palestinians in the occupied territories.

"We call on the international community to provide protection to our people against daily Israeli repression," they said.

Palestinians said soldiers and border police fired plastic-coated bullets and teargas at 250 women after they emerged from the Red Cross office in Gaza City carrying placards demanding Israeli withdrawal from the territories, where Arabs have been in revolt since December 1987.

The Israeli army said it was checking the report. The leadership of the uprising had called for demonstrations to mark Women's Day.

Afghan plotters 'in control of air base'

By Robin Pauley, Asia Editor

TROOPS loyal to General Shanawaz Tanai, the Defence Minister who led a coup attempt on Tuesday, were last night reported to be in control of Afghanistan's largest air base at Bagram, north of Kabul. Kabul was under curfew.

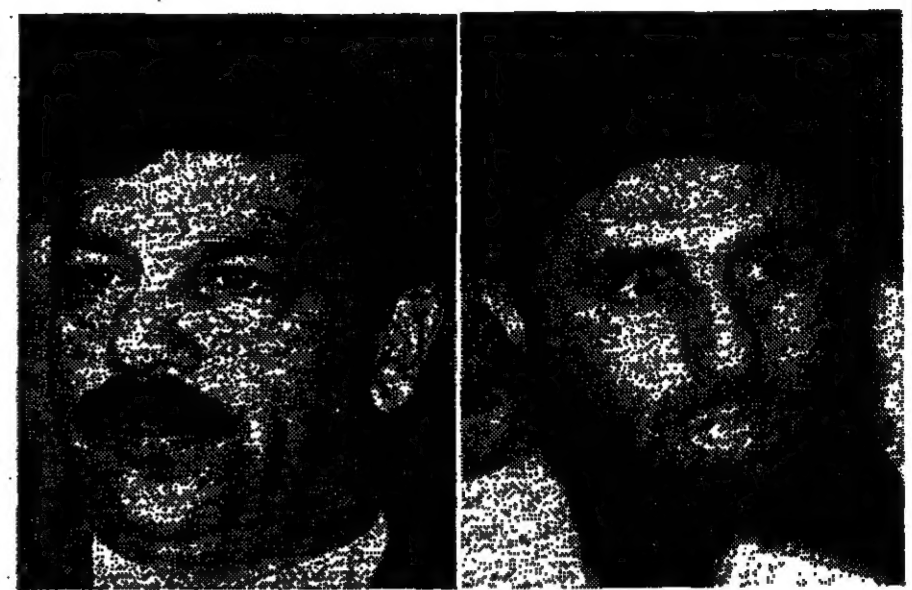
Fighting continued in the capital as it became clear that Tuesday's attempted coup was far from over. One unsubstantiated report said President Najibullah had left Kabul and fighting appeared to be spreading to other cities.

Government officials acknowledged that fighting between rival military factions was continuing, contradicting President Najibullah's earlier claim that the coup attempt had been crushed. The heavy fighting in Kabul included further aerial attacks and shelling.

The coup attempt appears to have been a strong challenge to President Najibullah and the Parchami wing of his People's Democratic Party of Afghanistan by the Khalqi wing which is a minority faction in the government. The Khalqi wing has strong support in the army and air force.

There were new reports yesterday of fighting between rival factions in the southern city of Kandahar and the north-western city of Herat. This would be a serious development, indicating nationwide splits in the army and every major city except Jalalabad under fire.

Afghan mujahideen leaders, based in Pakistan, claimed yesterday that three senior Afghan generals flew a transport plane to the Pakistan border and surrendered to the mujahideen and that Afghan helicopters and fighter planes had landed at towns along the border.


Coup leader Shanawaz Tanai (left) and guerrilla leader Gulbuddin Hekmatyar

Radio Kabul yesterday accused a second high-ranking party member, Asadullah Sarwari, a former interior minister, of involvement in the coup plot. He is also a member of the Khalqi faction but it is not clear whether he was a plotter.

Gulbuddin Hekmatyar, the most extreme of the fundamentalist Moslem rebel leaders based in Pakistan, offered his support to General Tanai within hours of Tuesday's coup attempt. This appears to have been opportunism as Hekmatyar and Tanai have no goals in common other than the removal of President Najibullah. Tanai wants a Khalqi-dominated administration; Hekmatyar wants a fundamentalist Islamic state.

Cambodia's warring factions face Thai threat

By Roger Matthews in Bangkok

THAILAND is seeking to put pressure on the warring factions in Cambodia by threatening to repatriate some of the 300,000 refugees in the 10 United Nations-supplied camps on its border and by asking third countries to halt any further arms supplies.

The Thai Cabinet, disappointed by the lack of progress at last week's peace talks in Indonesia, has ordered a plan to be drawn up which would offer the Khmer refugees the option of returning to Cambodia or of moving to a neutral camp, outside the control of the guerrilla factions.

With fighting close to the Thai border between government troops and the guerrillas, it seems unlikely that Thailand would force the refugees back into the war zone.

Until now Thailand had subscribed to the policy of the Association of South-east Asian Nations (Asean) which only allowed for repatriation in the wake of a comprehensive Cambodian peace settlement.

The Khmer Rouge and the two non-communist guerrilla groups headed by Prince Norodom Sihanouk, the former head of state, and Mr Son Sann, a former Prime Minister, each exercise political control in the different camps and use them as a recruiting ground for their respective armies. If the Thais carried out their threat to establish neutral camps it could rob the factions of their main source of new manpower.

General Chatichai Choonhavan, the Prime Minister, also said that he had asked the four main suppliers of arms to Phnom Penh and to the anti-government forces - China, the Soviet Union, France and the US - to halt any further deliveries.

Protests rock second homeland

POLITICAL violence rocked a second South African black homeland yesterday and unconfirmed reports said troops shot dead seven people, Reuter reports from Mabopane.

Security forces opened fire to disperse up to 50,000 anti-government protesters in Bophuthatswana, home of the "Sun City" gambling complex and one of the least stable of the 10 homelands set up for blacks under apartheid.

Crowds, apparently inspired by a weekend coup in the homeland of Ciskei which ended the 18-year rule of President Lennox Sebe, set fire to factories, government offices and cars in Mabopane and Garankuwa, in an eastern part of the fragmented Transvaal province territory.

There was no official word on casualties. Stone-throwing demonstrators built barricades of burning tyres and fought running battles with troops on armoured personnel carriers after marching against the government. Businesses, schools and offices closed.

Taking their cue from Sunday's military takeover in Ciskei, bordering the Indian Ocean, Bophuthatswana demonstrators accused President Lucas Mangope of being a corrupt puppet of Pretoria and demanded his resignation.

The crowds called for the reincorporation of the homeland's 2m people into South Africa. Mangope has vowed he will "never in 100 years" agree to step down or abolish the territory. An attempted coup against him was crushed in hours by South African troops in 1988.

The 10 territories, home for 16m of South Africa's 27m black population, were set up forcibly for blacks under Pretoria's vision of separate development.

They are heavily subsidised by the Pretoria Government.

About 3,000 workers at Rustenberg Platinum, the world's biggest platinum mine, situated in and around Bophuthatswana, staged a one-day strike on Monday over high income taxes.

South Africa's National Union of Mineworkers said the strikers demanded union recognition and said: "The homelands were created as reservoirs of cheap black labour to feed the white economy."

Ciskei's new rulers said they want to reunite with South Africa in line with the policies of Mr Nelson Mandela's African National Congress (ANC), the main organisation fighting white rule.

New Zealand's Telecom sale row

By Terry Hall in Wellington

NEW ZEALAND's Labour Party MPs are meeting today, apparently to discuss the possible privatisation of Telecom, amid signs that the Cabinet is close to, or has already reached, agreement on the sale.

The sale of the profitable state asset is shaping up to be highly controversial, with former Prime Minister David Lange leading a group of backbenchers opposed to a rushed sale "unless it can be demonstrated to the public's satisfaction that the taxpayer will be better off."

However, the Cabinet, which has swung to the right since his departure, seems keen to sell the asset before June 30 because of a large deficit, which could be as high as NZ$3bn ($1.8bn).

The Prime Minister, Mr Geoffrey Palmer and the rehabilitated State-Owned Enterprises Minister Richard Prebble have both emphasised that no final decision has been made.

However, Mr Prebble and the Minister of Finance Mr David Caygill have both made speeches this week arguing that Telecom should be sold.

The Cabinet faces considerable public opposition over the sale, including from within the Labour Party, following an undertaking it gave that its consultative committee would be involved in the decision. It has not been.

Mr Prebble has said that the Government might retain a "golden share" to ensure that the new owner does not impose std charges for domestic calls.

In 1987, Labour gave an assurance in its election manifesto that Telecom would remain in public ownership.

Telecom is highly profitable. Profits for the six months to September 30 were NZ$130.8m, of which the Government took NZ$65m in dividends.

Tax and debt repayments to the Government lifted Telecom's total contribution to the public purse in the period to NZ$605m, with a return on shareholders' funds of 12.3 per cent.

● There are reports that the Government is about to announce the sale of the Tourist Hotel Corporation (THC) to an international company. The THC said yesterday it would be technically insolvent by early next year if it was not sold and no new capital was injected.

Delhi may question arms deal suspects

By K. K. Sharma in New Delhi

INDIA'S Central Bureau of Investigation (CBI) plans to interrogate all six people named in a preliminary charge-sheet filed recently on alleged pay-offs made in connection with a £163m contract for the purchase of West German HDW submarines in 1981.

Mr S.K. Bhatnagar, who is a former secretary in the Ministry of Defence and is one of those named in the CBI's first information report, has already been questioned on charges connected with pay-offs in an arms deal with Bofors, the Swedish arms contractor. He will be questioned again soon about the Howaldtswerke-Deutsche -Werft contract.

Mr Bhatnagar and other officials named in the allegations have refused to comment on the CBI move. Mr G.P. Hinduja, an Indian businessman resident in London, is also named in both the Bofors and HDW charge sheets. CBI sources said yesterday ways are being found to ensure that Mr Hinduja is interrogated in both cases.

Mr Hinduja has said he is innocent of the Bofors charges. He said in London yesterday that he also took strong exception to "this unwarranted accusation" involving the HDW submarine contract.

"I have consistently denied any involvement in the contract and I repeat this. In July 1987 HDW confirmed in a letter to the Government of India that there was no link between the Hindujas and the sale by HDW of submarines to the Government of India."

Mr Hinduja said that in April 1988 the then government of Mr Rajiv Gandhi told parliament an exhaustive investigation by the CBI had failed to produce evidence to link the Hinduja family to the HDW contracts.

The initial inquiries were ordered by Mr V.P. Singh, now Prime Minister and then Mr Gandhi's Defence Minister.

In 1981 India ordered two ready-built Type 1500 submarines from HDW, and two in kit form for construction near Bombay by the end of this year. At the end of 1985 India started discussions on an option to buy two more. The Indian Government received a report early in 1987 from the West German Government that HDW might have problems cutting its tender prices because of 7 per cent commissions payable to its agents. Employment of agents is banned in Indian defence contracts.

Sikh violence leaves 20 dead

AT least 20 people were killed and 30 others injured when Sikh militants fired on a crowd at a marketplace in the Punjab town of Abohar yesterday, police said, Reuter reports from Amritsar. The attackers also exploded two bombs in the busy market as people fled in panic, police added.

"Some may have also died in the bomb blasts but we have to ascertain facts," Deputy Police Inspector General Ajit Singh told Reuter. Abohar is 145 miles southwest of Amritsar.

Yesterday's killings were the first large-scale attack for several months by Sikh militants fighting for a separate homeland they call Khalistan.

The Press Trust of India (PTI) news agency said the militants also exploded a bomb in a power station, disrupting the electricity supply to the town, and that this had hampered relief work.

PTI said the gunmen arrived at the marketplace in a jeep and opened fire with AK47 assault rifles for at least 15 minutes before escaping.

More than 350 people have been killed in the militant campaign so far this year. Last year about 2,000 people died.

Gabon teachers resume work

Teachers at Gabon's university in Libreville resumed classes yesterday after a week-long strike for higher pay, one of a series of recent work stoppages that have hit the country, Reuter reports from Libreville.

Various groups in Gabon have staged strikes to protest against the economic hardship caused by years of austerity imposed by the International Monetary Fund.

In January students at the Omar Bongo university overlooking the seaside capital clashed with security forces, sparking off a wave of labour and pro-democracy protests in this one-party state.

Meanwhile workers at Libreville's Sheraton hotel remained on strike to press for an immediate pay rise and to demand that five expatriates holding senior management posts be replaced by nationals.

The government-owned hotel which is managed by the international hotel group operated with a skeleton staff after the manager was injured during a brawl with strikers.

Mandela peace mission faces formidable task in Natal

Patti Waldmeir examines the obstacles to the ANC leader's hopes of uniting South Africa's blacks

MR Nelson Mandela, the acknowledged leader of the African National Congress, has set himself the task of making peace between the peoples of South Africa.

Eventually, that will mean striking a deal between white and black. But for the moment, there is a more urgent peace to be made: between warring black communities in Natal, where 3,000 people have died in the past four years.

In the cramped and terrorised black townships which surround the cities of Durban and Pietermaritzburg, residents believe Mr Mandela's release from 27 years in prison could make peace possible. His first words to the people of Natal, delivered at a rally in Durban 10 days ago, were: "Close down the death factories. Take your guns, your knives, and your pangas [machetes], and throw them into the sea." His message was directed at 60,000 of his own supporters who attended the rally, and many thousands who do not support the ANC, but listened to the speech on the radio.

He went out of his way to mollify Chief Mangosuthu Buthelezi, the Chief Minister of the KwaZulu black homeland and leader of the Inkatha movement, whose members clash almost daily in Natal's townships with supporters of the ANC and its affiliated organisations, the United Democratic Front (UDF) and the Congress of South African Trade Unions (Cosatu).

Standing by the roadside, in the grey drizzle which is a feature of the Natal hills, taxi driver Mr Anthony Shange says he believes Mr Mandela can end the violence. "In five or six months' time, things will come right," he says confidently.

Since he crosses battle lines daily on his way to and from Pietermaritzburg, Mr Shange has an obvious commercial interest in peace. But he insists this is not mere wishful thinking: both sides will obey Mr Mandela; and the fighting will stop, he firmly believes.

Already there are tentative signs, in at least a few communities, of peacemaking initiatives at the grass roots. On the dividing line between Durban's largest black township, Umlazi, and its satellite squatter settlement last week, leaders from two warring factions met to negotiate a truce after four people had died in the aftermath of Mr Mandela's rally.

The delegation from the squatter camp was led by women: in apparent recognition of Mr Mandela's call to the women of Natal to engineer peace between their menfolk.

But local academics, journalists, and community leaders, who have chronicled the relentless increase in violence since 1987, question whether Mr Mandela's intervention has not come too late.

They disagree on the origins of the violence. Some say the causes are socio-economic, the result of poverty, overcrowding and youth unemployment. Others say politics determined the original battle lines.

Inkatha's efforts at forced recruitment alienated some communities, it is argued. In established townships, where the residents were better educated and often more radical, the UDF and Cosatu found many adherents in the mid-1980s; while in squatter settlements for those who had recently left rural areas, the more traditional Inkatha movement, which relied on a network of tribal chiefs, found it easy to dominate.

However strong the political rationale behind the initial battles, most of those involved now agree that the violence has gone well beyond politics – and may no longer be susceptible to purely political solutions.

The vast majority of township dwellers know little and care less about politics: asked why they support the UDF – known as the "comrades" – or Inkatha, few can outline the basic policies of either organisation. The fact that Inkatha opposes sanctions, and the UDF supports them, or that Inkatha stands for free enterprise and the UDF for socialism, seems to matter little.

In many cases, the divisions are more geographic than political: if a hard core from either group takes refuge in a particular area, the entire area is labelled Inkatha or UDF, regardless of the sympathies of the majority.

After four years of fighting, in which scarcely a family has been left untouched, revenge gives the violence a momentum of its own. "A Zulu believes, 'a tooth for a tooth'," says Mr John Mkhize, who helped broker a peace deal at Shongweni, outside Pietermaritzburg, which has held for the past six months. "But if you kill two members of my family, I must kill more than two of yours. That's why the violence goes on and on and on."

Criminals have capitalised on the atmosphere of lawlessness, residents say. And UDF supporters accuse the police – especially the forces from KwaZulu, which administers many of the townships – of intervening on the side of Inkatha.

They also allege KwaZulu government involvement, pointing to the fact that KwaZulu's deputy minister of the interior, Mr Samuel Jamile, is currently jailed in connection with an investigation into four counts of murder. And they believe Chief Buthelezi could have done much more to stop the slaughter.

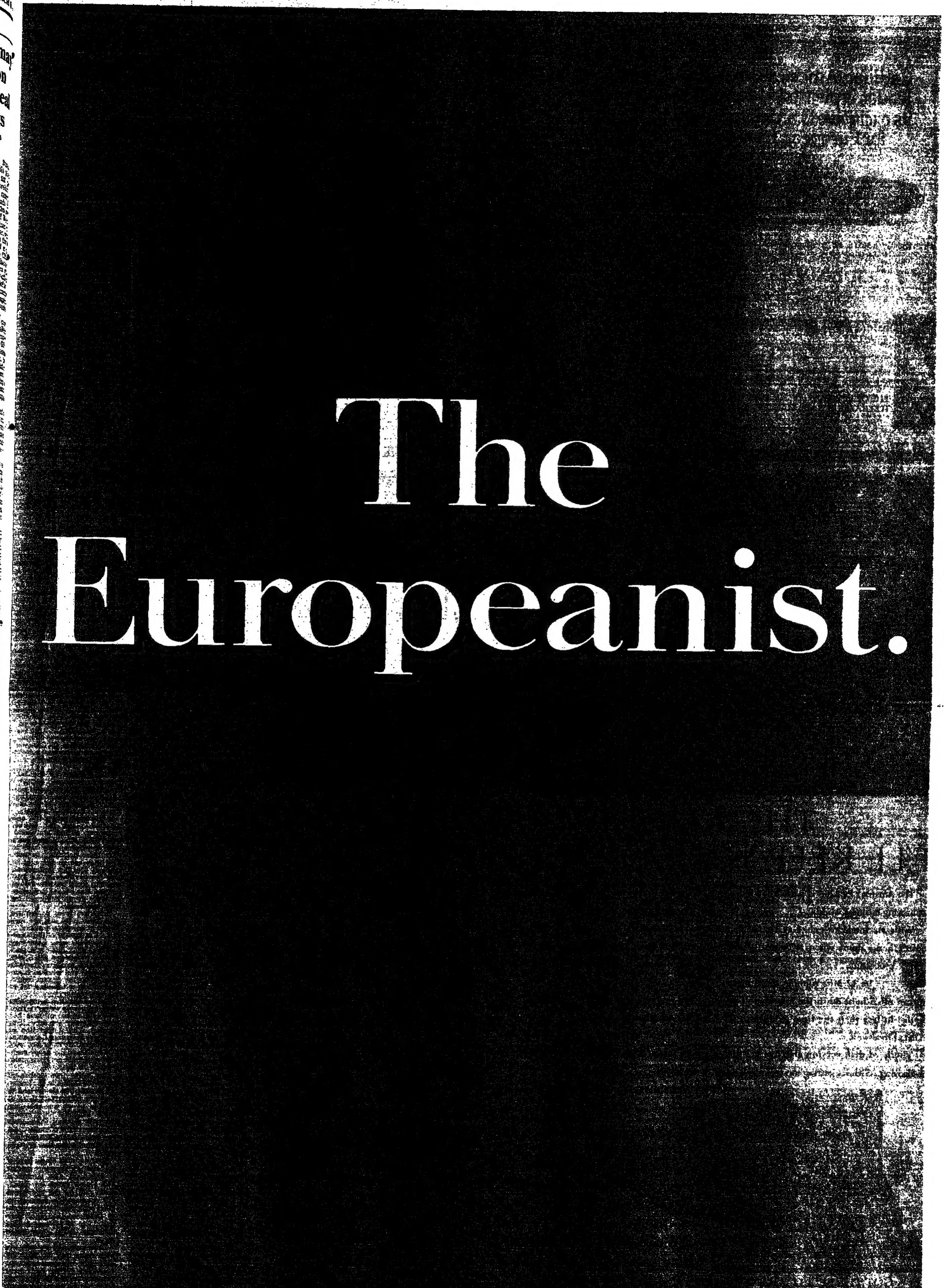
With so many different forces pushing communities towards violence, and the police either unable or unwilling to stop it, it seems a long shot that peace can be made in Natal by the leaders of the ANC and Inkatha alone. But unless Mr Mandela and Chief Buthelezi do agree to shake hands, residents fear the townships of Natal could degenerate into Beirut-style barbarism.

Clearly, Mr Mandela sets a high priority on achieving a deal with Chief Buthelezi. In marked contrast to the vitriol with which the exiled leaders of the ANC refer to the Inkatha leader, Mr Mandela has gone out of his way to be conciliatory. While most of the ANC still condemns Chief Buthelezi as a collaborator (because of his position as a homeland leader), Mr Mandela has praised Inkatha for "making it difficult for the regime to implement successive schemes to perpetuate minority rule."

And Mr Mandela, himself a prince of the ruling Thembu clan in the Transkei homeland, has been careful not to denigrate traditional tribal authority.

But Chief Buthelezi seems likely to exact a high price for peace. He wants a place at the table where South Africa's post-apartheid constitution will be negotiated – as a national leader, on the side of the liberation movements, not as a Zulu chief with a limited regional base.

Mr Mandela has made clear he is committed to black unity – and that means unity with Inkatha, probably the most powerful movement apart from the ANC itself. But it is hard to believe that he intends to share equal power with Chief Buthelezi; and it is difficult to know whether the latter will settle for anything less.



Delhi may question arms deal suspects

By K. K. Sharma

OVERSEAS NEWS

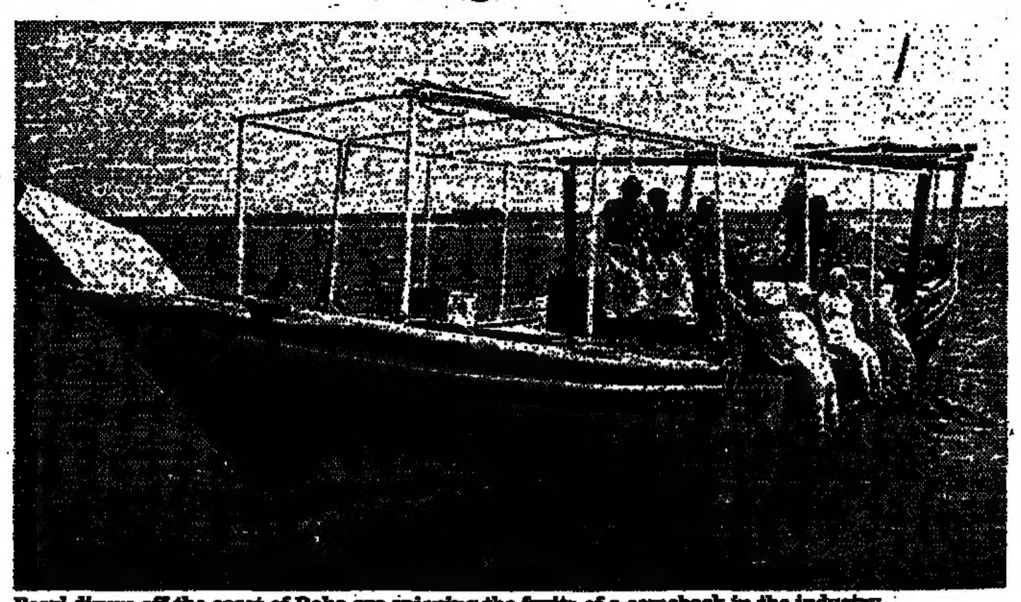
Qatar's divers rediscover the natural pearl

Victor Mallet in Doha looks at the resurgence of an ancient and arduous industry

At the turn of the century almost all the inhabitants of Qatar were dependent on the pearl industry, in the same way that they are now dependent on crude oil and natural gas. Each summer the men would sail away into the warm waters of the Gulf with the pearl fishing fleet.

Harvesting pearls was an arduous task - the divers would sink to the oyster beds with the help of stone weights, nose clips, and cotton suits to protect them from jellyfish - and they returned exhausted to rejoin their families several months later.

By the 1930s the industry had been destroyed by the international economic depression and the advent of cheaper cultured pearls from Japan.



Pearl divers off the coast of Doha are enjoying the fruits of a comeback in the industry

Today the natural pearl is staging a comeback, according to Mr Hussain Alfardan. As one of the world's leading buyers and sellers of natural pearls, he has watched prices rising inexorably from his headquarters in the Qatari capital Doha. Purchasers looking for the real thing are hunting a limited pool of pearls which is replenished by only a trickle of new supplies.

"People recognise what is the meaning of the natural pearl," he says, displaying a magnificent $1.5m Alfardan necklace of the finest rose-hued natural pearls, and fingering several million more dollars worth of loose pearls spilling from the traditional red cotton bags onto his office desk. "The natural will last for ever like any precious stone; the cultured has a limited age."

The best natural pearls, he adds, come from the Gulf. They come in all shapes and sizes, each with its own classification in the jargon of the pearl trade. Even the rare black pearls are highly prized. A natural pearl, around a grain of sand, may take a decade to grow to a size it would take a typical cultured pearl - with the help of a large artificial implant in the oyster - only a couple of years.

Mr Alfardan and his brother Hassan established their jewellery business in 1954, using the expertise inherited from their father Mr Ibrahim Hassan Alfardan, a pearl trader who died at the age of more than 100. These days new natural pearls are hard to find - although a handful are sold by divers from Kuwait and the United Arab Emirates - and Mr Alfardan scours the international auction markets in London, Paris, New York and India to supply the family's jewellery shops around the Gulf.

"Anywhere it's available we buy it," he says. "Every year the price goes up because demand is too much and there's a shortage in the market."

In the Gulf and in India pearls are traditionally measured in terms of the "chau" (one carat is 0.6518 chau, but if that sounds simple, two carats are equivalent to 2.6074 chau), and over the past two decades prices have risen steadily. A "giwan", the finest grade of pearl in shape, colour and sheen, was once worth a maximum of 100 Qatari riyals per chau, but now reaches QR 2,000 per chau.

The price rises prompted the Alfardans to look into the idea of establishing their own pearl-fishing company, but they decided that the cost was prohibitive. "Now there's a few individuals and fishermen enjoying themselves," says Mr Alfardan, "and sometimes they get a good pearl and get good money."

Mr Alfardan thinks he knows a good natural pearl when he sees one, but is not above having them tested in the laboratories of the Gemological Institute of America to acquire the necessary certificate for valuation.

As Chairman of the family business group has other interests in the Gulf but the pearls he learnt about at his father's knee remain close to his heart. "From the moment I opened my eyes I started knowing about pearls," he says. "This is one part of my business, but it's my personal favourite."

Lebanese insurers battle on through war and destruction

By Lara Marlowe in Beirut

TO THE OUTSIDER, the idea of selling insurance in Lebanon would sound like madness. Yet after 15 years of war, more than 100,000 deaths and billions of dollars of damage, at least 70 insurance companies are still operating in Beirut and they are making profits.

Through the civil war, Lebanese insurers have learned to minimise their own risk by refusing to cover most effects of the war.

Political risk insurance is not available. Many clients have cancelled burglary and fire coverage because burglars use grenades to break in and most fires are started by shrapnel - circumstances which nullify contracts. The prevalence of car theft in Lebanon has pushed premiums so high that few people buy it. Kidnap insurance never caught on because of the number of exclusions and lack of volume.

But marine insurance is a steady earner, sales of life insurance increase 20 to 30 per cent each year and personal accident insurance - especially with the "passive war" rider - is doubling annually.

In Beirut, one militia is even said to have obtained "active war" insurance on the London market for its combatants.

Passive war insurance covers the insured as long as he does not carry a gun. Underwriters say they reap a profit from the marginal increase on the basic premium.

Although nearly 1,000 Lebanese died during bombardments in 1989, Arab Universal Insurance and Reinsurance Company, part of the Mediterranee Investors Group, suffered only three war casualties from 25,000 insured last year.

Twenty-seven maritime companies still deliver goods to Lebanese ports. Because insurance is required to open letters of credit, the marine insurance market is stable, although clients often under-insure.

Ships are insured while at sea, but coverage ceases upon arrival in port. As last year's naval blockade showed, the chances of hitting a moving vessel are low. Nine crew members died in the worst of several maritime incidents, which cost the insurers of the "Sunshield" oil tanker $1m.

"We even got Lloyd's to quote on marine war risk during Gen Michel Aoun's "war of liberation" against the Syrians," said Mr Ramez Abu Haidar, the assistant general manager of Astra insurance.

"At 4 per cent of the sum insured, it was expensive - compared to a normal rate of 1 per cent or lower. Some of the local companies were offering marine insurance for one third of Lloyd's prices."

"If you take marine risk for the big established companies it's good business," said Mr Marek Sinno, the Lebanese underwriter for Alpina Zurich and the manager of Income (Insurance Company for the Middle East).

"But the one-shot importers try to save money on packaging and shipping. They're hit-and-run artists."

"There is an incredible amount of insurance fraud. This is our main plague," Mr Abu Haidar said.

"We don't do hull insurance because of "moral hazard." People don't maintain their ships or they buy ships that are scrapyard quality, beach them during the night, unload the cargo and their claim for the ship and the cargo."

Fraud is a problem throughout the Lebanese industry. When the holder of a life insurance policy with a war exclusion clause dies, his beneficiaries often try to prove that he died of natural causes rather than war wounds. "In certain instances we detect fraud," said a leading Lebanese life insurer. "But sometimes it is so well-documented that you have to pay, even though you sense something rotten."

Because it is easier to fake claims for out-patient care by bribing doctors or pharmacists, most Lebanese companies offer only in-hospital medical coverage.

Another problem is the tendency for clients to "share" their medical insurance identification cards. "We are very selective and can afford to be," said an executive at Arab Universal, one of the top 10 insurance companies in Lebanon. "The most important criteria are the person's integrity and reputation."

The director of the last American insurance company in Lebanon who requested anonymity for his company, retains 57 per cent of the Lebanese life insurance market.

It provides group life and medical plans for banks, embassies, airlines and industries. "To attract and keep good employees, they have to offer these benefits," he said. The increase in the cost of medical services in Lebanon and the paralysis of the government social security system has led many more companies to seek group coverage for their employees.

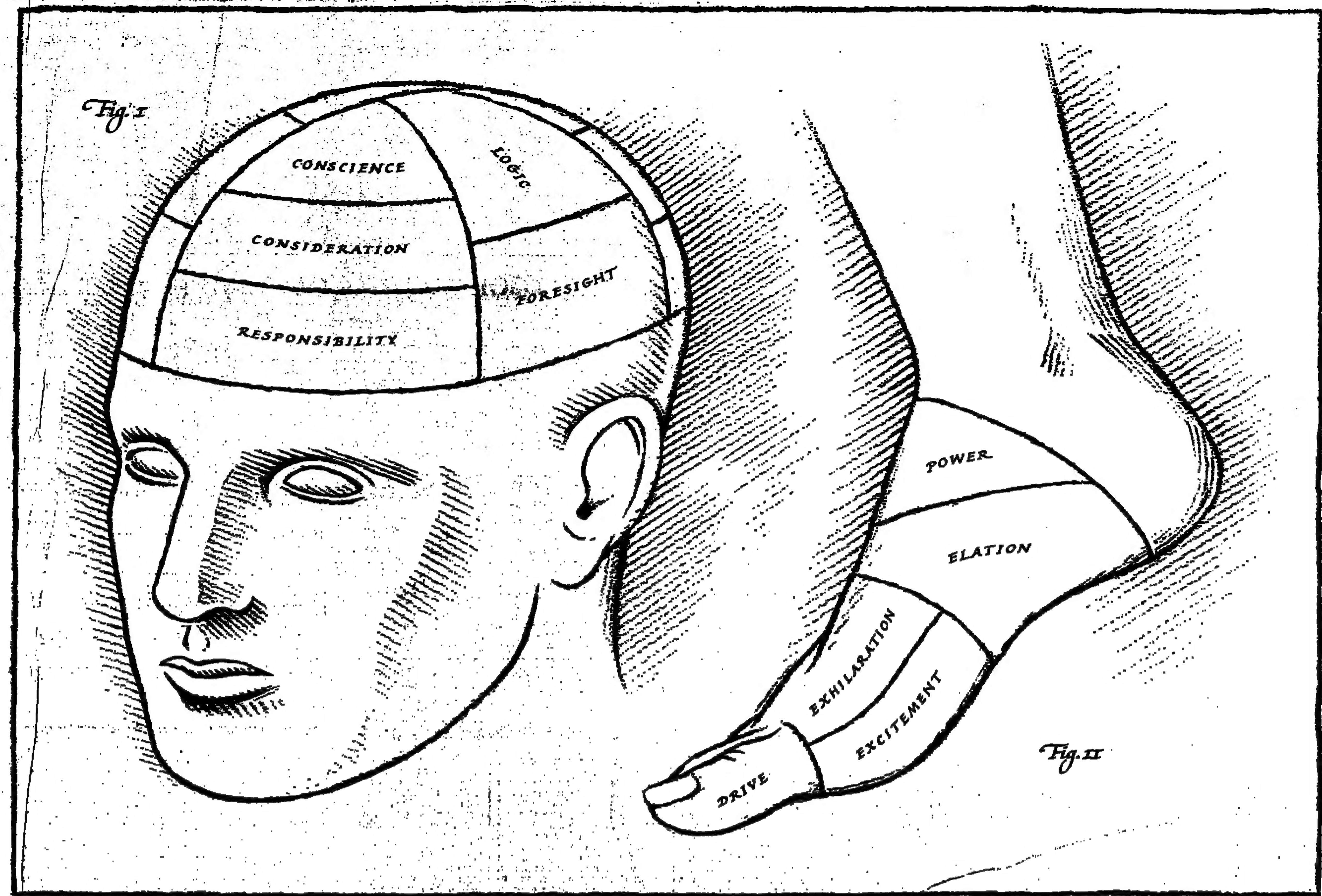
"Smaller, local companies give lower rates and are very liberal in accepting any kind of risk," the director of the American company said. "Later they increase their rates and start making exclusions. It's a very competitive market, especially in medical and hospital insurance. There are certain companies willing to take any risk to get the premium."

Well-established companies have been able to carry their own reinsurance or have had little difficulty obtaining it in London. The Association of Lebanese Insurance Companies established an insurance pool through Lloyd's to assist members who could not obtain reinsurance on their own.

The move from Lebanese pounds to dollars in the Lebanese market has also helped to alleviate reinsurers' fears of dealing in an unstable currency. Lebanese underwriters are now steeling themselves for a new round of claims from the latest inter-Christian battles. Nonetheless, they are optimistic.

They say that 80 per cent of the Lebanese insurance market is untapped. The municipal and stamp taxes on premiums - paid by the client - are low compared to taxation in other countries. The lapse ratio of Lebanese insurance policies - 15 to 20 per cent for life insurance - is the lowest in the region.

Some Lebanese underwriters even claim they are better off than their colleagues in Europe or America. "We don't have catastrophes like the San Francisco earthquake, Hurricane Hugo, oil spills or the storms in France and the United Kingdom this winter," Mr Sinno said. "The war took us by surprise in the beginning, but we have adapted."



The Audi 100 Turbo. It'll appeal to your left brain and right foot.

After the heady delights of the selfish 80s, are you viewing the caring 90s with mixed emotions?

Even as you get your head round your new responsibilities to nature and your fellow man, does your right foot secretly ache for the days when an accelerator was an accelerator?

Well, don't despair.

It is now possible to enjoy the reserves of power 165bhp gives you, while doing less damage to the environment than the average family car.

By getting behind the wheel of an Audi 100 Turbo.

Yes, it runs on unleaded petrol.

Yes, it's equipped with a 3-way catalytic converter that reduces toxic gases by up to 95%.

In fact, diesels excepted, you can't buy an Audi that doesn't. Or isn't.

In a complex world, the Audi 100 Turbo stands out as that rare and desirable object: a clean car that's a joy to drive.

It gets from 0 to 60 in 7.5 seconds. It can cruise the autobahns at 134mph. It's responsive. Sure-footed. And expensively quiet.

In the interests of safety, ABS, an Autocheck system and low-profile tyres on alloy wheels are standard equipment.

In the interests of convenience, so are electric windows and mirrors, an on-board computer and central locking.

As you may expect, there's also a quattro version of the Audi 100 Turbo. And two Avant estates.

Prices range from £19,440 to £24,550.*

Not excessive, we think, for such miracles of New Age engineering.

For details of the clean, new-generation Audi range, send to Audi Information Department AR, FREEPOST, Yeomans Drive, Blakelands, Milton Keynes MK14 5EY. Or dial 100 and ask for FREEFONE AUDI.

Mr/Mrs/Miss/Ms Initials ____ Surname ____

Address ____

____ Postcode ____

Phone Home ____ Phone Business ____

Audi

VORSPRUNG DURCH TECHNIK.

FT.8.3.90

*PRICES EXCLUDE NUMBER PLATES AND DELIVERY. FLEET SALES TELEPHONE: (0908) 211616 TAX FREE SALES TELEPHONE: 01-486 8411.

WORLD TRADE NEWS

Gulf states criticise EC for failing to sign trade deal

By Hunter Reynolds in Bahrain

THE EUROPEAN Community has come under strong attack from the *Gulf Co-operation Council (GCC)* over its unwillingness to sign a free trade agreement. Addressing a banking conference in Bahrain, Mr Abdulla Yaccoub Bishara, Secretary General of the GCC, said: "There is a general sentiment in Europe against an agreement with the GCC. For us it is a sine qua non."

The GCC, established in 1981, is made up of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

The comments are likely to raise the temperature at the EC-GCC foreign ministers' summit scheduled for March 17 in Muscat. The meeting will be the highest contact ever held between the two economic groups.

The GCC is looking for an end to quotas and tariffs on petrochemicals and aluminium produced in Gulf states, in particular Saudi Arabia, and to reduce its $4.4bn trade deficit with the EC.

In December, European foreign ministers agreed on a mandate for the Commission to negotiate a free trade agreement with the GCC. The mandate included a long transition period before the complete elimination of trade barriers. Mr Bishara said the limitations of the mandate were an unacceptable basis for talks.

"We will put our views to the European ministers very forcibly," Mr Bishara said. A recent meeting in Spain attended by European and Gulf businessmen as well as officials from both the EC and GCC served to highlight the differences between the two groups. "We did not see eye to eye," he GCC Secretary General said. "As a result of the talks, I am not optimistic about the prospects for a free trade pact."

He denied claims by European industrialists that cheap energy inputs mean that Gulf petrochemicals are effectively subsidised.

European governments are insisting that the Gulf states unify their own internal tariffs before an agreement is put into effect. During a recent visit to the Gulf, British Trade Minister Lord Trefgarne, said it made no sense to have a free trade accord until a customs union was in place in the Gulf. Import tariffs range from 4 per cent in the UAE to 10 per cent in Oman.

Mr Bishara said work was under way on a GCC common market, but predicted that it would not be in place at least until 1995. The GCC wants to sign an agreement with the Community before then.

● Investments from oil-rich Gulf states surged in the 12-nation European Community (EC), at the expense of placements in the United States, a senior Gulf Cooperation Council (GCC) official said on Wednesday, **Reuter reports from Abu Dhabi.**

Abdullah al-Quwaiz, GCC Assistant Secretary General for Economic Affairs, told an insurance conference in Abu Dhabi that total overseas Gulf investments grew to 342 billion dollars in 1988 from 306 billion in 1983 despite a slump in oil prices.

Honda says no obstacles remain to EC exports

HONDA MOTORS Europe said yesterday that nothing was stopping European carmakers selling their products in Japan, but duties and quotes were impeding Japanese sales in Europe, Reuter reports from Geneva.

"There are no obstacles (on Europeans into Japan)," Mr Osamu Iida, president of the Japanese group's European subsidiary, said on the eve of the 60th Geneva International Show.

"We have to pay 10 per cent import duty to export from Japan to the EEC, while into Japan it is zero," Mr Iida said.

Europeans have complained in the past that although the Japanese market for cars was theoretically free, there were other hidden bureaucratic, legal and cultural barriers. Mr Iida maintained these impediments no longer existed.

"Much paperwork on imports (into Japan) has been eliminated. The legal requirements from the government on imports are even less than required for some countries in Europe," he said.

Honda said earlier that its NS-X luxury three litre V-6 sports car will go on sale in the US and Japan this autumn with European sales starting later this year. About 3,000 of the powerful two-seaters, which are capable of speeds of up to 250 km an hour, will be produced initially each year.

Mr Iida, who is also a member of the Honda Motor Co board in Tokyo, had been asked for reaction to news from Brussels earlier this week that some EC members wanted tight restrictions on Japanese car sales in Europe to continue when the bloc's single market is completed at the end of 1992.

A wide range of curbs on Japanese car sale at present apply among the 12 community members. France and Italy restrict them to 3 per cent and one per cent of their markets respectively, while Britain has a ceiling of about 1 per cent. Sales are freely allowed in West Germany.

In Europe as a whole Japan accounts for 10.8 per cent of sales which hit a record 13.4 million vehicles last year.

In 1989, foreign car imports in Japan accounted for 4.5 per cent of a market which totalled just over four million.

$2.2bn order for Pratt and Whitney

By Paul Betts, Aerospace Correspondent

SINGAPORE Airlines (SIA) has chosen US Pratt and Whitney jet engines to power its new long-range fleet of Boeing 747 and McDonnell Douglas MD-11 aircraft, dashing Rolls-Royce's hopes of winning the $2.2bn (£1.3bn) deal.

SIA confirmed yesterday it had placed the order for 234 engines with Pratt and Whitney, the engine subsidiary of United Technologies, after what it called an exhaustive four-month evaluation of engine options.

Pratt and Whitney was widely regarded as the favourite to win the order because the airline's existing jetliner fleet is powered by Pratt and Whitney engines. But both General Electric of the US and Rolls-Royce felt they had a chance when SIA decided to hold back on its engine order in announcing its purchase of Boeing 747 and MD-11 jets.

The aircraft order involved 30 Boeing 747-400 and 20 MD-11 airliners worth a total of $5.6bn. The deal involved 15 firm orders and 15 options for the Boeing 747 together with five firm orders and 15 options for the MD-11 for delivery between 1994-1999.

The engine order won by Pratt and Whitney yesterday covers 152 engines, including spares, for the Boeing 747 four-engine airliner and 82 engines, including spares, for the MD-11 trijet. SIA chose the PW 4056 engine for its Boeing 747 and the PW 4460 for the MD-11. The airline said that after taking account of all financial and technical factors, it decided that the Pratt and Whitney engine "had the edge".

Colombia takes the long view in opening up markets

Bogotá has been persuaded that liberalisation will generate quicker growth, reports Sarita Kendall

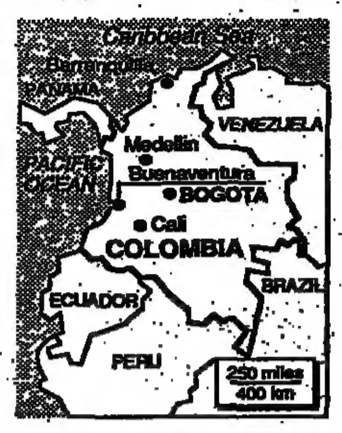
ALTHOUGH Colombia has decided to open up its economy, it has been slow to adopt trade liberalisation policies and will be even slower in implementing them. Gradualism is the concept underlying the five-year strategy designed to make products competitive, to boost exports and raise economic growth.

In fact, the first measures – announced by the full economic team with considerable fanfare – are so mild that their impact may be more symbolic than substantial. Licences for the import of mainly raw materials and capital goods, transferred to the unrestricted category last week, were already receiving automatic approval.

Certain consumer goods which compete with domestic production may now be brought in – but by setting the ceiling for these imports at $150m (£91m) the Government is seen by many as being too timid.

The World Bank has been pressing Colombia to follow the Latin American trend towards liberalisation for some time. Last year, the programme was shelved and President Virgilio Barco has chosen a curious moment – two weeks before the first round of elections and less than six months from the end of his Government – to give the go-ahead. But there are World Bank loans to be finalised, then further roll-over credits to be negotiated with the commercial banks. The IMF's endorsement will be needed.

Economic policy is remarkably conservative and stable in Colombia, with the central bank playing an important role. None of the candidates with a serious chance at the presidency has rejected liberalisation and none is offering an alternative model. By the time the new government takes over a business lobby will be ready to defend freer imports.



During the next two years, according to the plan, tariffs will gradually take over the regulation of imports. A novel bidding system will be used to establish the tariff rate for the first $150m, with importers making offers on the basis of the price they think Colombians will pay. As industry adjusts to competition, tariffs will be reduced to reach an average of 25 per cent at the end of the five-year period.

Extra income from import duties in 1990-91 will go towards improving road, rail, and air links and ports. Already, private companies have been authorised to manage their own port facilities and the monopoly on coffee transport is being lifted. The road between Cali and Buenaventura, the only big Pacific coast port, is to be rebuilt. A $323m rail rehabilitation programme is due to start next year. Another $38m is to be spent on expanding air cargo terminals.

Devaluation, which is running at more than 30 per cent during the year – 4 cent higher than the inflation rate – will work to encourage exports. Colombia is heavily dependent on coffee, oil and coal and non-traditional exports account for only about 30 per cent of foreign income. As protection is removed and industry becomes more productive, with the capacity to sell abroad, non-traditional exports should grow by some 20 per cent a year.

Apart from a brief experiment in trade liberalisation 10 years ago – which contributed to a recession – Colombia has been strongly protectionist. The change in attitude is largely due to the depressing outlook painted by economic forecasters. Unless Colombia opens up, they say, economic growth will stay at around 3 per cent and inflation will rise. Low coffee prices combined with poor non-traditional export growth and the drop in service income from drug dollars, will send the current account deficit rocketing up.

On the other hand, the new strategy will generate growth rates of about 5 per cent a year. Consumers will benefit as inefficiency and monopolistic pricing are quashed by competition. International reserves will drop at first but recover after 1992. Imports, worth $4.7bn last year, will rise to $6.1bn in 1992, and exports will go from $5.9bn to $8.1bn in the same period.

A main practical worry on the import side is how well the Foreign Trade Institute (Incomex) and customs will adapt to changes. The institute's red tape is already being attacked but customs are notoriously corrupt and contraband leaks in across all the frontiers. Future governments will also have to consider reforming Colombia's rigid exchange control system if the country's economy is really to open up.

Factoring services grow by 22% in 1989

By Peter Montagnon, World Trade Editor

THE VALUE of world exports financed through the international factoring market topped the $100bn (£60bn) mark for the first time last year after growing by 22 per cent on its 1988 total, according to Factors Chain International (FCI), the industry's leading umbrella organisation.

International turnover reached $10.83bn, more than double its level of 1985, FCI said in its annual market survey. Factoring now accounts for 5.7 per cent of worldwide turnover compared with 5.5 per cent in 1988.

Factoring is a specialised service under which manufacturers assign their invoices for cash to specialised companies, known as factors. These collect the money.

The discount charged to the manufacturer covers the cost of collection, credit risk, and sometimes credit. The service is particularly popular with small and medium-sized companies, because it frees them of administrative burdens and improves their cash flow.

According to Mr Jeroen Kohnstamm, FCI Secretary General, Asia was one of the fastest growing areas for factoring last year, with particularly strong growth in Taiwan and South Korea. This is likely to spread to Indonesia, where banks were permitted to offer factoring last year.

Italy, with a total domestic and international turnover of $51.18bn, has overtaken the US, traditionally the world's largest factoring market. US turnover last year was $46.75bn.

Mr Kohnstamm said the 1992 single market was likely to boost the attraction of factoring in Europe as more companies began to trade internationally, but more factors were entering the market, adding to competition.

Growth in eastern Europe, by contrast, was expected to remain slow for some years given economic uncertainty. Factoring is firmly established only in Hungary and Czechoslovakia, but the liberalisation process, which has conferred foreign trade responsibilities on individual enterprises, had prompted some concerns in East Germany and Poland to start financing their exports through direct contracts with western factors.

French companies to build Iraqi smelter

By George Graham in Paris

IRAQ has awarded the management contract for the construction of an $800m (£488m) aluminium smelter to Spie Batignolles, the French construction group, and Sofresid, the metallurgical engineering company.

The two French companies have received a letter of intent from the Iraqi industry ministry and the contract is expected to be signed this month. Work on the smelter, at Nasiriyah on the southern Euphrates, is due to begin by December.

The aluminium smelting technology is to be supplied by Pechiney, the French state-owned aluminium and packaging group. The smelter will be similar to one Spie Batignolles and Sofresid are building for Pechiney at Dunkirk in northern France. Pechiney technology is considered a front runner for aluminium smelter projects in Venezuela, Indonesia and Australia.

AMERICAN NEWS

White House accuses Libya of making chemical arms

By Peter Riddell, US Editor in Washington

THE US yesterday accused Libya of producing chemical weapons and appealed for international support to help stop the operation.

A strongly-worded White House statement was issued following an ABC television report that the plant at Rabta, 50 miles south of Tripoli, the Libyan capital, had begun producing mustard gas on a limited basis and would be in a position to assemble small bombs that could carry the weapons to targets.

Jana, the Libyan news agency, quoted a foreign ministry official in Tripoli as denying that the Rabta plant was producing chemical weapons. The official regretted the "deceptive campaign by western and American media against Libya especially as it had called for a frank and balanced dialogue with the US under its new administration."

US concern about the potential for producing chemical weapons at the plant was first expressed two years ago, and was reinforced in early 1989 following disclosures about the involvement of a West German company, putting great strain on relations between Washington and Bonn.

Yesterday the White House said that "available evidence suggests Rabta is producing chemical weapons. We are very seriously concerned about this development. Rabta is dangerous and becoming more so. This points to the necessity for heightened international vigilance of Libyan procurement activities and for vigorous efforts to stop the operation of Rabta."

"The US, he said, had expressed its serious concern to various governments. "The international community should step up its efforts to deny Libya the ability to continue operating the plant."

Mr Marlin Fitzwater, the White House spokesman, gave the standard response on military action that nothing was ruled out.

The immediate US aim is to highlight the problem and to secure increased international pressure on Libya at a time when the Tripoli regime has been seeking to improve its external relations.

The US intends to press ahead with discussions with European allies and others in the coming days, urging all countries "to survey their internal situation, their chemical production facilities and to make their own judgments that they are not a source for any of these chemicals."

Apart from cutting off raw materials, the main US focus is on Libya and what Mr Fitzwater described as the threats both of how it might choose to use these weapons in view of "a history of terrorism activities and erratic military behaviour" and of to whom it might give or sell them.

The US and the Soviet Union are nearing agreement on a ban on chemical weapons and on the destruction of virtually all existing stockpiles.

The main points of a treaty are expected to be agreed by the time Mr Mikhail Gorbachev, the Soviet leader, visits Washington in three months time. A major concern on the US side has been how to prevent other countries such as Libya from producing such weapons.

● The Rabta factory has produced 30 to 50 tonnes of poisonous mustard gas, West German security sources told Reuters yesterday.

The Rabta plant, built with West German help to make pharmaceuticals, had produced mustard gas since operations began in mid-1989, West German sources said.

The gas, a devastating weapon in World War One, was outlawed from warfare in a 1925 Geneva convention. But the pact did not ban its production or possession.

The controversial plant was not fully operational and only produced batches of gas occasionally, the sources said.

Bush support for relaxing anti–trust legislation

By Peter Riddell, US Editor in Washington

The Bush Administration will support long-discussed proposals to relax anti-trust laws limiting joint production ventures, especially in advanced technology.

The decision, announced yesterday by President George Bush in a speech to the American Electronics Association, follows a review conducted by the Justice Department and is in response to calls by the Commerce Department and several industrial groups to allow such joint projects in face of Japanese and other foreign competition.

Mr Bush said that "to provide a further competitive edge for American firms we will support legislation to reduce the anti-trust uncertainty that may discourage joint production ventures."

Under the plan the courts would "weigh on a case-by-case basis the competitive benefits, as well as the costs of joint production ventures. In addition, joint production ventures announced to the government would be liable only for actual damages in private anti-trust suits," (rather than triple damages, as at present).

This long-awaited move is in line with the thinking of Mr James Rill, the assistant attorney-general for anti-trust policy, who has sought to defend the basic structure of US anti-trust law, allowing only a specific exception in the case of joint production ventures.

At present, the relaxation on joint ventures only covers research and development.

Mr Bush said such an initiative "would build on the competitive strength of American business by allowing firms to pool their skills, build new production facilities and share investment risks."

The proposal already has widespread bipartisan support in Congress.

Referring to his talks last weekend in California with Mr *Toshiki Kaifu, the Japanese* Prime Minister, Mr Bush also said he "fervently" hoped as a result that Japan would be "moving toward early resolution of these problems areas (satellites and telecommunications, supercomputers, forest products and semiconductors)."

Collor and the Congress of Doom

Ivo Dawnay examines a prospective clash over Brazil's economy

IF, as the Brazilian press has decided, President-elect Fernando Collor de Mello is a tropical version of the film hero Indiana Jones, then one need look no further than the Brazilian Congress to find the Temple of Doom.

It is there that the battle over inflation must be fought, against hordes of politicians, almost all representing highly partial vested interests.

The 40-year-old karate black belt is to take office next week and expectation has risen feverishly. Even if the movie world of heroes and villains appears to outsiders as an *inadequate* metaphor for the country's complex economic crisis, it appeals to a nation whose cartoonists have long depicted inflation as a dragon.

With price rises expanding to epic proportions – not far off 100 per cent a month – one can be sure that Mr Collor will use similar imagery to depict the drama that lies ahead.

Since his warm reception last month on a world tour of nine capitals, the admired, if not loved, victor of the election in December has sharply raised his popularity at home. A poll published last week showed that 42 per cent of the 30m or so electors who voted for his left-wing opponent, Mr Luis Inácio Lula da Silva, now "trust" the president-to-be, 37 per cent going so far as to expect him to deliver a good or very good government.

LUIS Carlos Prestes, who led Brazil's communist opposition for half a century, died yesterday of cancer, aged 92, AP reports from Rio de Janeiro.

In the 1920s, Prestes took part in unsuccessful military uprisings against President Bernardes, who was accused of selling out national interests to Britain so as to pay the foreign debt.

In 1924 he led rebel soldiers on an epic trek through Brazil's interior to preach revolution. The Prestes Column covered 15,000 miles and 13 states, dodging and outfighting government forces. Prestes became a popular hero.

After spells in the Senate, in prison and in exile, Prestes returned under an amnesty in 1979. In the 1980s, he accused the Brazilian Communist Party of abandoning Marxist-Leninist dogma. The party expelled him in 1984.

Another poll, published in January, demonstrated that, of 15 institutions and interest groups, federal congress members were the least trusted, with 85 per cent of those polled seeing Congress negatively.

These popularity ratings may be crucial. Most political commentators concur that a large measure of the perceived success or failure of Mr Collor's programme for national reconstruction will depend on a propaganda war between a recently weakened executive presidency and a strengthened legislature.

His strategy, they claim, will be to swamp Congress under a tidal wave of temporary "provisional" legislation, containing many measures certain to be deeply unpopular. These will include sharp reductions in subsidies and in tax incentives for business, wide-ranging privatisation proposals, trade liberalisation measures and mass dismissals of civil servants.

To ice the cake, Mr Collor will almost certainly improve some social provision for the poor and order the arrest of at least one leading political or business figure to underline his corruption-fighting, man-of-the-people credentials.

All this will be presented via a national television address as a vigorous young president's full-scale war on Brazil's privileged elites.

Congress will then be forced to react. Its natural instincts will be to pick through the legislative paper mountain to separate the palatable from the distasteful.

But, under provisional measure rules, it has only a month to decide on each item lest it fall. So Mr Collor will be hoping to polarise the Congress into pro-government and opposition camps, insisting that his popular mandate demands endorsement of the whole package.

Congressional elections are due on October 3 so the politicians must gamble. If they nitpick, they risk being blamed if a trimmed plan fails. If they support the package, they must cross their fingers and hope it will work.

Economists are unanimous that – if Mr Collor truly confronts the main sources of inflation, a public sector deficit estimated at more than 5 per cent of GDP – he will confront many of the most powerful and organised forces in society.

Privatisation and job losses in the civil service will provoke a fierce reaction in the capital itself, while business and farming interests will howl at the loss of fiscal privileges and subsidies, and at efforts to liberalise imports.

Also, at the heart of his programme is belief in the presumption of achieving a "social pact" of wages and agreeing a de-indexation on prices via some kind of deflator applied to the real inflation rate. Such measures have been repeatedly attempted – though without great conviction – by previous governments, and have failed.

Just as much of the impetus behind the rising inflation rate is psychological, so psychology must be applied to engineer the defeat of inflationary expectations, the theorists say. The general perception is all.

Call to ease telecoms restrictions

By Roderick Oram in New York

TELECOMMUNICATIONS capabilities in the US will be severely impaired unless regulation of the Bell operating companies spun off from AT&T in 1984 is eased, Mr Alfred Sikes, chairman of the Federal Communications Commission, *told Congress yesterday.*

Continuing restrictions on the Bell companies will "deter investment, create geographic disparities and service option inequities," Mr Sikes said. These in turn could harm the US economy and its global competitiveness.

Mr Sikes gave his support, with some caveats, to proposed legislation to change certain provisions of the AT&T consent decree on which the spin-off and subsequent court rulings are based.

Control of this crucial area of telecommunications policy should be returned to Congress and its relevant agency, the FCC said.

The Bell companies must "have the opportunity to become communications companies, not simply telephone companies. If we do not follow this course, we will both chill network modernisation and create a future world of private network 'haves' and public network 'have-nots'."

"All American phone subscribers deserve maximum access to the fruits of advanced communications and computer technology," he said.

Now, for example, users of the public switched networks are deprived of many information services offered on private networks or by unregulated companies. He cited the example of the city of Rochester, New York, which is served by a local independent telephone company.

In its own market it has no less power than a regulated regional Bell company has in its market, yet it can offer a wide variety of services such as an electronic Yellow Pages.

Moreover, foreign unregulated competitors are coming *into the US information* market. Mr Sikes said, for example, that Nippon Telegraph and Telephone recently announced a $100m venture aimed at US data communications, corporate networks and related markets. None of the Bell companies would be allowed to compete against it.

Argentine Central Bank chief quits

By Gary Mead in Buenos Aires

MR ENRIQUE Folcini, *Argentine Central Bank governor*, yesterday handed his resignation to Mr Antonio Erman Gonzalez, Economy Minister, the latter announced after a meeting with President Carlos Menem. The minister said the resignation was being considered.

If it is accepted, that would mean that Mr Menem's Peronist Government had lost four Central Bank governors in *eight months of office. Mr Folcini* took the post on January 24, following the hasty departure of Mr Rodolfo Rossi, who had pledged not to expand money supply, then did so within days of taking office.

Mr Folcini came under attack this week for having authorised re-discounts to private banks, amounting to an officially declared 124.7bn australs ($35.4m) on February 21, in 30 separate operations.

The system of re-discounts (short-term loans to the private banking sector), has met much criticism from the World Bank and the International Monetary Fund, which regard it as a bolster for otherwise insolvent banks. It is reported that the re-discounts were granted at a monthly interest rate of 48 per *cent, when the open market* rate was above 110 per cent.

The re-discounts in question were clearly used to bale out private sector banks.

The row comes at a particularly inopportune time for the Government, which is trying to re-open blocked loans from the IMF and World Bank.

● The Economy Minister has *authorised substantial* price rises for a wide range of public sector companies.

Petrol prices have risen by 124.5 per cent, making a total increase of 5,850 per cent since July 1989, when the Government took office. Plans are in hand for weekly increases, in line with price rises throughout the economy.

Water charges are to rise by almost 58 per cent, the addition *to be levied* retroactively from November 1989. Obras Sanitárias de la Nación, the state-run water company, has already put its prices up this year, by 87 per cent on February 8.

Telephone charges were raised by 112 per cent on that date, and are now set to rise by 300 per cent more.

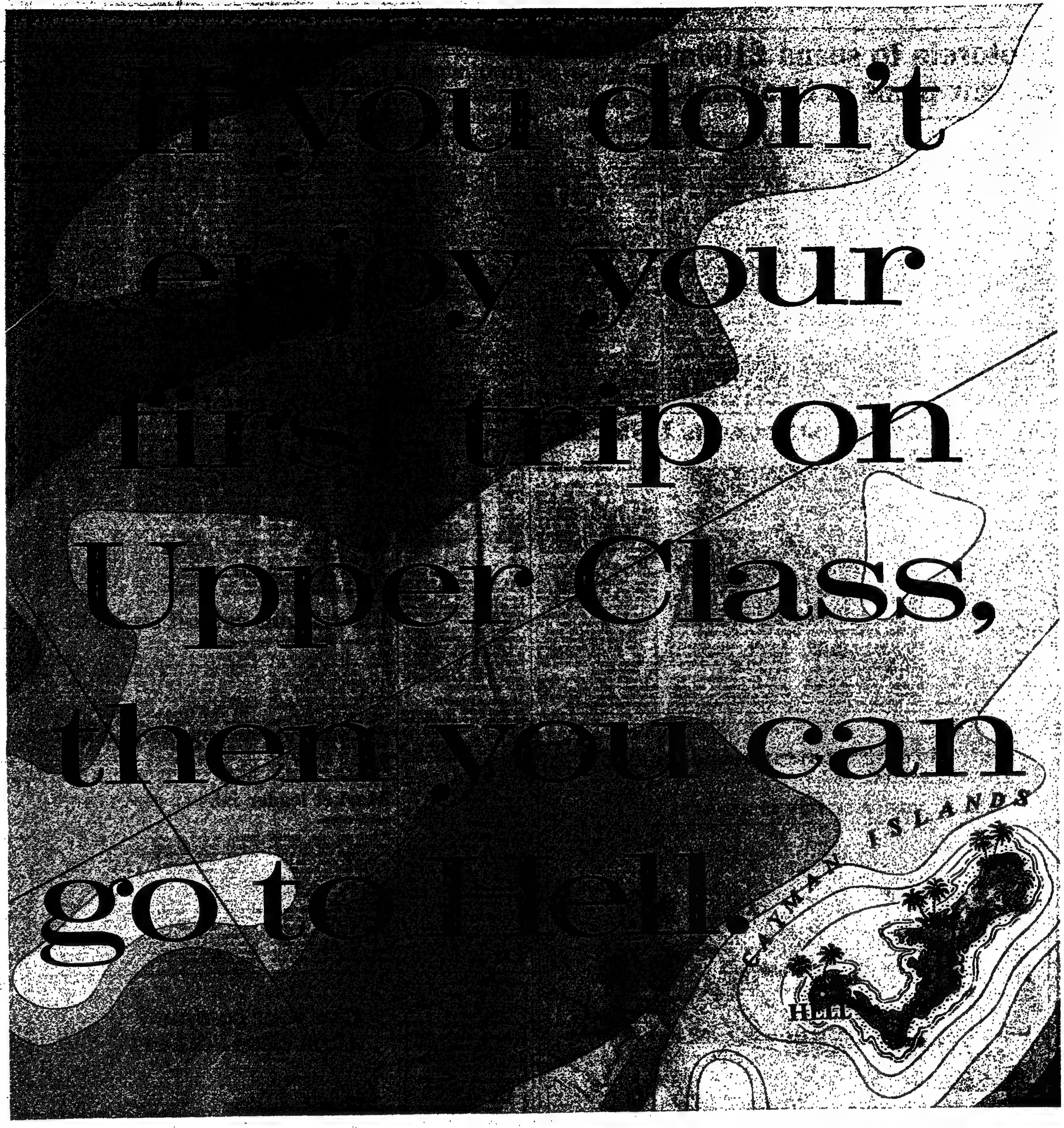
Manley backed in local elections

By Canute James in Kingston

JAMAICAN voters have given the administration of Mr Michael Manley good marks for its first year in office.

In municipal elections on Tuesday, the prime minister's social democratic People's National Party won control of 12 of the island's 13 local councils. The PNP received 6 per cent of the vote, the rest going to the opposition conservative Jamaica Labour Party.

Campaigning focused more on recent economic measures – a 7 per cent devaluation of the Jamaican dollar, higher interest rates and ceilings on bank credit – than on local government issues.



Heavens, that's a bit harsh isn't it?

Don't worry, even if you do end up burning in Hell, it will only be by lying in the sun getting a tan.

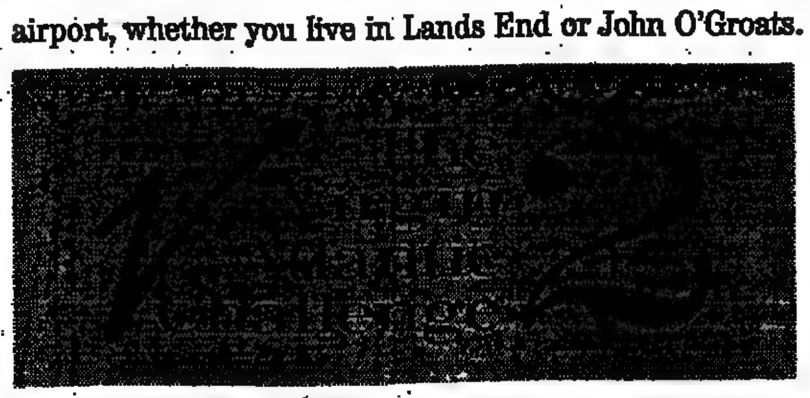
Because Hell is an interesting little spot on the Cayman Islands in the Caribbean.

It is where we will send you and a friend, if your first trip on Virgin Atlantic's award-winning Upper Class service doesn't surpass your usual airline's business class.

In fact Richard Branson will speak to you personally so that you can air your views.

However, we think you'll be more than satisfied, most people are. Our Upper Class service enjoys a higher degree of loyalty than any other long haul business class.

After all, no other airline sends a complimentary chauffeur driven car to escort you to and from the airport, whether you live in Lands End or John O'Groats.



No other airline gives you an on-board bar and lounge, a free Economy Standby ticket and a First Class sleeper seat that offers 15" more legroom than any other business class.

Certainly no other airline gives you your own personalised video walkman complete with an extensive library of films.

So once you've flown Virgin Atlantic, no other airline will do. In fact they can all go to the devil.

This offer is open to first time Upper Class flyers purchasing a return ticket on any Virgin Atlantic route before 30th April.

For more information concerning the challenge or to make reservations call 0293 551616, or see your travel agent.

The Businessperson's favourite airline. Virgin atlantic

LONDON · NEW YORK JFK AND NEWARK · MIAMI · LOS ANGELES · MOSCOW · TOKYO

Motorola to spend £100m on new plant in Scotland

By Hugo Dixon and James Buxton

MOTOROLA, the US communications and electronics group, is to spend more than £100m in Scotland setting up a large factory to make mobile phones.

The factory at Easter Inch, West Lothian, which is eventually to employ 2,000 people, will be Motorola's main plant for selling cellular phones to the European market. The US group is the world's leading manufacturer of cellular equipment – a market which is growing at more than 20 per cent a year worldwide.

The project was to have been announced by Mrs Margaret Thatcher, the prime minister, during a visit to Scotland tomorrow as an example of how the Scottish economy is proving successful in attracting inward investment.

The plant is the second large inward investment project to be won by Scotland this week. On Monday, Conner Peripherals, a Californian computer disc-drive maker, unveiled a scheme to create up to 1,500 jobs in Irvine. The possible creation of more than 3,000 jobs makes up for disappointment in Scotland over some recent inward investment projects which went to Ireland or other parts of Britain.

Mr Don Burns, general manager of Motorola's European subscriber equipment division, said the company had acquired a 91-acre site at Easter Inch.

He added that more than 50 per cent of the components for the new West Lothian factory would be made in Europe and that, in the long run, he hoped the proportion would be 100 per cent. He also held out the prospect that some of the group's research and development on cellular phones would eventually be done in Scotland.

Motorola already has factories in Stotfold and in Flensburg, West Germany, making mobile phones.

One of the reasons the company has chosen to locate so much of its European cellular manufacturing in the UK is that the mobile communications market has grown much faster in Britain than in most other European countries. Mr Burns expects 10m Britons to have mobile phones by the end of the century, up from just under 1m today.

Manufacturing would start later this year on a temporary facility and the main factory would be completed next year. "We will be recruiting like mad," Mr Burns said.

He said the decision to locate in Scotland had been made because of the availability of a satisfactory site and satisfactory people. Moreover, the Scottish Development Agency had provided a "very aggressive, attractive package," including training grants and help with finding the site.

Mr Burns said the 650 jobs in the Stotfold factory were secure because it was concentrating on analogue equipment while the West Lothian plant would be making digital phones for the pan-European cellular network and for Britain's new personal communications networks.

Cellular infrastructure will be made at another new Motorola plant near Swindon, while software is being developed at a centre in Cork, Ireland.

MP admits he failed to declare interests

By Alison Smith

MR John Browne, the Conservative MP facing suspension from parliament after failing to declare all his business interests, yesterday apologised to the House of Commons, but said that his errors had arisen from "misunderstandings" of the rules on disclosure.

In a statement to MPs, Mr Browne said: "I now recognise that some seven to eight years ago I failed to register properly all my interests".

A Commons committee recommended that the House should take action against Mr Browne for failing to declare a payment of more than £50,000 from the Saudi central bank and a "client" relationship with a firm of Lebanese middlemen.

It was the first debate on the conduct of an MP in business matters, since 1977 when Mr Reginald Maudling and Mr Albert Roberts were found to have been involved in financial misconduct.

NEWS IN BRIEF

Institutions criticise 'inadequate' transport

Britain's international economic standing will be put at risk unless the Government tackles the inadequacies of the national transport system, Mr Cecil Parkinson, the Transport Secretary, was told yesterday.

A group of leading institutions led by The British Property Federation and the Corporation of the City of London combined to press the Government for a more energetic and integrated approach to transport policy.

The moves reflect mounting worries about congestion, especially in London and south-east England.

US company move

J.I. CASE, the US construction and farm machinery maker, is closing its factory in Redruth, Cornwall, and transferring production to Spain and North America.

The Redruth plant, built in 1981, last year made 2,800 skid-steer loaders, a small construction machine, as well as components for backhoe loaders, another type of earth mover.

Visitors to UK

Record numbers of overseas visitors came to Britain last year helped by a surge in tourists from western Europe and the Far East, including Japan, according to figures released yesterday by the Department of Employment.

Some 17.2m visitors came to Britain last year, a rise of 9 per cent on 1988. These visitors also spent 11 per cent more at £6.85bn than they did the previous year.

Oil employment

The number of people employed in oil-related work in Scotland is at its highest level since the end of 1985, before the downturn in North Sea offshore activity due to a collapse of oil prices.

There were 61,500 people working in companies wholly and permanently engaged in oil-related work at the end of 1989, according to a survey by the Training Agency. That compares with the 1985 peak of 65,000 such workers.

Japanese property

Kumagai Gumi, the Japanese property and construction group, has expanded its London portfolio with the purchase of Victoria House, a 47,000 square feet office block on Kingsway in central London for about £22m.

The seller was Prudential, the insurance group which has been reorganising its £4bn property portfolio and last month sold £70m of shops to Merivale Moore, a British property company.

Sheffield Utd sold

Sheffield United, one of Britain's oldest football clubs, is to change hands. The club announced yesterday that the majority stake held by the chairman, Reg Brealey, is to be bought by Mr Sam Hashimi, an Iraqi-born businessman.

Advertising deal

Dewe Rogerson, the financial communications group, yesterday won the £15m advertising account for the Trustee Savings Bank.

Demonstrations against new charge lead to arrests around UK

Politicians clash after violence erupts in meetings on poll tax

By Ralph Atkins and Richard Evans

VIOLENT protests continued yesterday against the introduction of the poll tax – the community charge designed to pay for local government and services – and led to angry clashes between Ministers and Labour Party leaders.

Conservative and opposition leaders condemned scenes of violence and political intimidation over the last few days as undemocratic, but both sides sought to gain political advantage from the incidents.

More anti-poll tax protests erupted during the day, despite increased vigilance by police to prevent disruption of council meetings called to confirm the community charge level.

Police made at least eight arrests as protestors disrupted a meeting of Labour-controlled Southampton City Council called to fix a poll tax of £317. Police evicted 100 people from the public gallery. Outside, scores of demonstrators tried to battle their way past police reinforcements.

In Plymouth, 10 arrests were made during a protest as the poll tax was set at £350. Dr David Owen, SDP leader and MP for the local Devonport constituency, was squirted with water as 300 protestors yelled "scab" and "traitor."

Mr Kenneth Baker, Conservative Party chairman, claimed the violence and intimidation was orchestrated by the far-left Militant Tendency.

In a letter to Mr Neil Kinnock, opposition leader, Mr Baker said the protesters' actions were being encouraged by Labour backbenchers. "What are you going to do to bring your own MPs to book?" he asked the Labour leader.

The Government is having to ride a storm of protest against the new system in Westminster and around the country. Anxieties have been exacerbated by the threat of losing the by-election in Mid-Staffordshire where the party had a majority of 14,654 at the last election.

Mr Jack Cunningham, Labour's campaign co-ordinator, described the Conservative chairman's letter as an act of "desperation". He said that if people disliked the poll tax they should make the Tories pay – in Mid-Staffordshire or at the May local elections. He called Mr Baker "a man in total panic".

MOTOR INDUSTRY

Michelin 'reduced competition' with takeover of National Tyre

By John Griffiths

THE £140m takeover of National Tyre Services, a 420-outlet tyre distribution chain, by Michelin Tyre, the UK subsidiary of the French tyre maker, reduced competition in the replacement truck tyres sector, according to Britain's monopolies watchdog.

The Monopolies and Mergers Commission (MMC) reported that the takeover could have been expected to operate against the public interest according to the report.

It concluded there were no adverse implications for the much larger replacement car tyres sector, but its findings have been mainly overtaken by events. Michelin, which bought NTS from BTR, the British industrial conglomerate, last June is to sell NTS on to Uniroyal Englebert Tyres, a subsidiary of Continental.

The MMC recommended, however, that Michelin should be required to divest those NTS outlets involved in the distribution of truck tyres had it kept NTS.

Mr Nicholas Ridley, the Trade and Industry Secretary, has now asked Sir Gordon Borrie, Director-General of Fair Trading, to monitor the sale to Continental and seek undertakings from Michelin that it will not keep or seek try to re-acquire truck tyre outlets. The original referral to the MMC was made because of the expanded presence NTS gave Michelin in the UK's £1bn replacement tyre market.

Michelin Tyre, the wholly-owned UK subsidiary of the French tyre maker, already owned the 540-outlet Associated Tyre Services chain.

The two networks thus provided Michelin with a combined presence in the UK replacement tyre market some four times greater than any of its rival tyre makers. The next biggest chain, Goodyear Tire and Rubber's Tyre Services, has around 250 outlets.

Electricians call off strike at Ford

By Michael Smith, Labour Correspondent

THE EETPU electricians' union yesterday called off a three week official strike at Ford Motor Company in the UK, in a move which ends more than four months of disputes surrounding the vehicle maker's pay negotiations.

The surprise decision of the EETPU leadership followed a vote among members of the EETPU and AEU engineering union at the company's Halewood plant in north west England to return to work.

The Halewood craft workers have been among the most adamant in their opposition to the pay deal. However, their hand was weakened this week when the company re-opened the plant without them after a seven-week closure.

The official EETPU strike, together with unofficial stoppages at plants throughout the country since the beginning of November, has resulted in Ford losing production of more than 80,000 vehicles with a showroom value of more than £900m.

The company has warned that the disruption will inevitably affect its US parent's attitude to investing in the UK.

The closure at Halewood led to the lay-off of 4,000 workers at the company's Transit plants in Southampton and Genk, Belgium.

The strike centred not on the size of the company's 10.2 per cent pay offer, accepted by 80 per cent of Ford's manual workers, but on feelings among skilled workers that the value of their jobs was under attack.

Market leader fails to reach targets

By John Griffiths

FORD UK, the British subsidiary of the US motor manufacturer, achieved a market share far short of its target of 30 per cent in February for the second month in a row, according to figures from the Society of Motor Manufacturers and Traders.

Its 24.75 per cent share bought the year-to-date figure to 23.58 per cent, compared with 27.13 in the same period of last year, as it came under increasing pressure from Vauxhall, the General Motors subsidiary, as well as suffering from the industrial relations problems which briefly halted output a few weeks ago.

Nissan, the Japanese manufacturer, also encountered severe problems, its February share falling to 3.76 per cent from 7.11 last February, putting it below Renault of France, while its share for the year to date at 4.27 per cent was more than a percentage point below last year, despite manufacturing at Sunderland, north east England.

Vauxhall's new Cavalier was the UK's single best-selling car for the second month in a row, helping to provide Vauxhall with a year-to-date share of 17.24 per cent – compared with 14.99 per cent for the same period last year.

For the first time in many months, the Rover Group owned by British Aerospace saw an increase in its market share, as supplies of the new 214/216 range increased to give it sixth place in the list of best-selling cars.

British hovercraft patent costs US$6.1m

By David Fishlock, Science Editor

THE US Pentagon has paid the British Technology Group $6.1m in an out-of-court settlement of claims on a 20-year-old British patent on the hovercraft.

The settlement resolves a legal battle begun by BTG in 1985, when the patent was close to expiring, and has cost the agency about $1.25m in legal expenses.

A jubilant Mr Ian Harvey, BTG chief executive, said yesterday he believed it was the last major hurdle that had been blocking privatisation of BTG.

It is the last of four major actions initiated for foreign infringement of BTG patents to be settled in the agency's favour.

BTG claims to be the world's biggest agency handling intellectual property rights, with a demonstrated reputation for robust defence of infringement.

The claim related to a 1959 patent granted to Mr Denys Bliss, an engineer with Hovercraft Development Ltd (HDL), a BTG subsidiary.

The Bliss patent transformed the hovercraft concept as invented by Sir Christopher Cockerell into a useful transport vehicle, by proposing a skirt design that would keep it suspended on a cushion of air even when the sea or terrain was very rough.

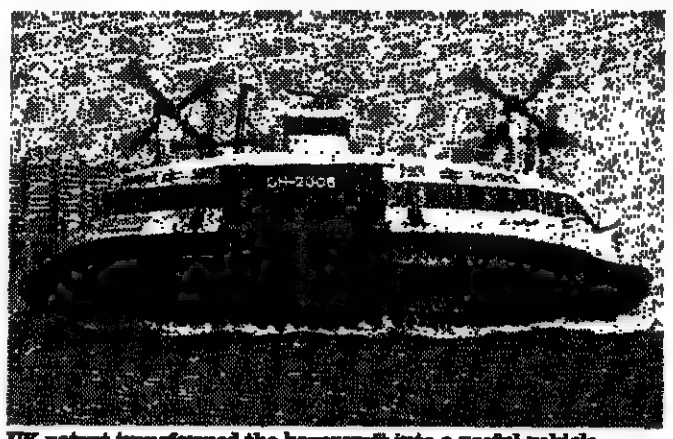
The Bliss segmented skirt comprises numerous air pockets that maintain a pressurised air cushion even when a rough surface allows some pockets to leak.

Some 26 companies in the UK, US and Japan were licensed to use the Bliss patent. But Bell Aerospace, a Textron subsidiary developing Hovercraft for the Pentagon, refused to pay royalties to BTG when it found it could not recover them from the US Government.

Although its licence was terminated in 1976, Bell Aerospace continued to use the invention in developing a series of 26 amphibious 30-ton load carriers called LACV-30s.

The principal US defence against royalty payment was that, as a state-owned agency, BTG patents were freely available to the US Government under a 1953 technical exchange treaty between the two governments.

The US Complaints Court dismissed this defence last December, opening the way for a negotiated settlement.



UK patent transformed the hovercraft into a useful vehicle

UK NEWS — HOUSE OF FRASER REPORT

THE PRESS

Cause was helped by newspaper treatment

By Richard Waters

THE FAYEDS' cause was aided by generally favourable treatment in the press, which gave further credence to claims about their background and wealth.

The inspectors note that once misleading reports about the Fayeds had begun to appear, they were picked up from newspaper cuttings files by other journalists. That added to the growing myth.

Meanwhile reports which questioned the ownership of the money used to buy the House of Fraser were met with writs. One of those reports was by Mr Duncan Campbell-Smith, an investigative reporter on the Financial Times in early 1985.

The article, say the inspectors, is "remarkable" in being the only *substantial article* published in the British press after March 1985 to cast serious doubts on the Fayeds, except those in the Lonrho-owned Observer.

Mr Campbell-Smith is described as a "thorough, very painstaking journalist."

He quoted Kleinwort Benson, the merchant banker advising the Fayeds, as saying that there was "no hidden hand behind" the Fayed brothers.

He added: "No one seems yet to believe them."

The Financial Times later published a qualified apology to this, pointing out that the Department of Trade and Industry and other government bodies had accepted the assurances of the Fayeds, backed by Kleinwort.

That and similar assaults were set in motion by Mohamed Fayed, the inspectors say. They amounted to "a constant and unprincipled process of 'gagging' the press."

"As a result of what happened, the lies of Mohamed Fayed and his success in 'gagging' the press created . . . new fact: that lies were the truth and that the truth was a lie," the report says.

THE FAYED BROTHERS

'Frankly, we do not believe them'

AT THE time of the bid, the Fayed family's wealth was said to be sufficient to enable the brothers to buy House of Fraser (HoF) without recourse to outside borrowings.

Family wealth

Mr John MacArthur, a director of Kleinwort Benson, said on television in March 1985 that the family had a net worth of "several billion dollars." The brothers themselves claimed in a submission to the Office of Fair Trading at the time of the bid that they were worth more than $1bn, although they revised this to $760m in evidence to the Department of Trade and Industry two years later.

The inspectors say these figures were "inaccurate and misleading." They also say: "The Fayeds' stories about their wealth are most unsatisfactory . . . frankly, we do not believe them." According to the report, the Fayeds' actual wealth in 1984-85 extended to:

- Two cargo ferries, and 14 other vessels involved in servicing the offshore oil industry.
- The Ritz Hotel, Paris. The Fayeds valued its trademark alone at $200m, but the inspectors cast doubts on this.
- A 4.9 per cent stake in a Texas bank, valued at $8.7m in March 1985.
- "Quite valuable" interests in property, particularly in the UK, US and France.
- Other sources included $30m in profits from the film Chariots of Fire by 1985, and $8m between 1981-84 in commission on aircraft sales.
- The brothers had no valuable interest in oil. Their claim to have made $400m from a secret oil trading partnership in the early 1980s is rejected out of hand. The Fayeds' claim to having had interests in construction at the time of the bid is also rejected.

So where did the £615m come from to buy HoF? The inspectors say: "We are of the very clear opinion that none of the activities of the Fayeds of which we have been told generated sufficient cash for the Fayeds to have been in a position to acquire HoF, or any substantial part of it, from their own funds." And how, on October 31 1984, did the Fayeds come to have at their disposal £50.5m and $330m at the Royal Bank of Scotland in London, and a further $226m in cash and securities at a Swiss bank?

The inspectors were unable to prove conclusively the source of the money — in part because of their limited powers which meant they could not force the Fayeds to produce their bank statements except in limited circumstances.

However, they conclude: "The evidence before us . . . indicates that it is likely that the Fayeds used their association with the Sultan of Brunei and the opportunities afforded to them by the possession of wide powers of attorney from the Sultan of Brunei to enable them to acquire these funds."

Mr Mohamed Fayed advised the Sultan on a broad range of financial matters from early in 1984. It was after June 1984 that "astonishingly large sums of money" began to find their way into the Fayeds' accounts, and at the same time a "quantum leap" occurred in the scale of transactions Mr Mohamed Fayed discussed with his merchant bank advisers — including a plan to buy the Savoy hotel group.

In the second half of 1984, Mr Mohamed Fayed was given power of attorney to act for the Sultan in at least two instances: a dispute over a Boeing 747 aircraft, and the Sultan's purchase of the Dorchester Hotel. The inspectors also say that he possessed a power of attorney which enabled him to "draw very large sums of money from a bank."

By the end of April 1985, however — six weeks after the successful bid for HoF — all powers of attorney had been cancelled, and the relationship between Mr Mohamed Fayed and the Sultan "had undergone a very substantial change."

The inspectors say: "We are both of the clear opinion that the funds with which the Fayeds acquired HoF accrued to them through Mohamed's association with the Sultan of Brunei." They add that there is no evidence that the Sultan knew what was happening.

The Fayed family

The picture the brothers painted was of an old-established family in Egypt, accumulating wealth in the cotton trade from 1876 and building up a large fleet of ships carrying cargo and pilgrims around the Gulf.

The claims of the brothers to being anglophiles were enhanced by their British nannies and (in the case of Mohamed) an education at the English-style Victoria College in Alexandria.

This picture, say the inspectors, is "completely bogus." They state: "The Fayeds produced birth certificates which were false and which they knew to be false. They repeatedly lied to us about their family background, their early business life and their wealth."

In reality, the Fayeds' father was a teacher of Arabic who lived at the time they were born in a poor district of Alexandria known as the Gomrock.

Mr Mohamed Fayed, the oldest brother and the person at the forefront of the HoF bid, began as a salesman for the Singer Sewing Machine Company on $216 a month, and was employed in the early 1950s by the wealthy businessman Mr Adnan Khashoggi in a business importing furniture into Saudi Arabia. It was only after his break with Mr Khashoggi that the Fayeds' first business was set up in 1956.

Mr Mohamed Fayed's *subsequent business dealings* are given in detail, including his involvement in Haiti in 1964. At that time he was granted concessions to build an oil refinery and modernise and extend the port at Port-au-Prince, but was alleged to have left the country with a substantial amount of the money entrusted to him.

The inspectors conclude: "We have no doubt at all that Mohamed Fayed perpetrated a substantial deceit on the government and people of Haiti in 1964. In particular, he deprived the harbour authority of more than US$100,000 of money it could ill afford to lose."

By the early 1960s, the Fayed family interests extended widely, although not on the scale described in their own press releases. According to the inspectors, from the mid-1960s the brothers had developed principally in three areas: shipping agency business in the eastern Mediterranean, freight forwarding, and an involvement in the great construction boom in Dubai.

Fayeds' intentions

At the time of the bid for HoF in March 1985, the group was the largest department store group in the UK, with 130 stores, a staff of 27,000 and turnover of £930m in the year to January 1985. Three years later, HoF had a turnover of £1.13bn in the year to May 2 1987 and a staff of 34,500.

The report says that increased borrowings by the group in the five years to 1987 had a clear impact upon its profitability.

By December 1987, the group had acquired a 10 per cent stake, at a cost of £215.7m, in Sears, owner of Selfridges and (at the time) Lewis's.

The inspectors put to the Fayeds the view that they were speculating with HoF's facilities on a venture distinct from its trading. Both denied the suggestion.

A refinancing package put in place at HoF in April 1988 had been "clearly sensible," the report says, and had enabled the repayment of loans at manageable rates of interest. However, a subsidiary set up to hold the Sears stake was not financed independently from the HoF group, which made a considerable loan to the subsidiary at below market interest rates.

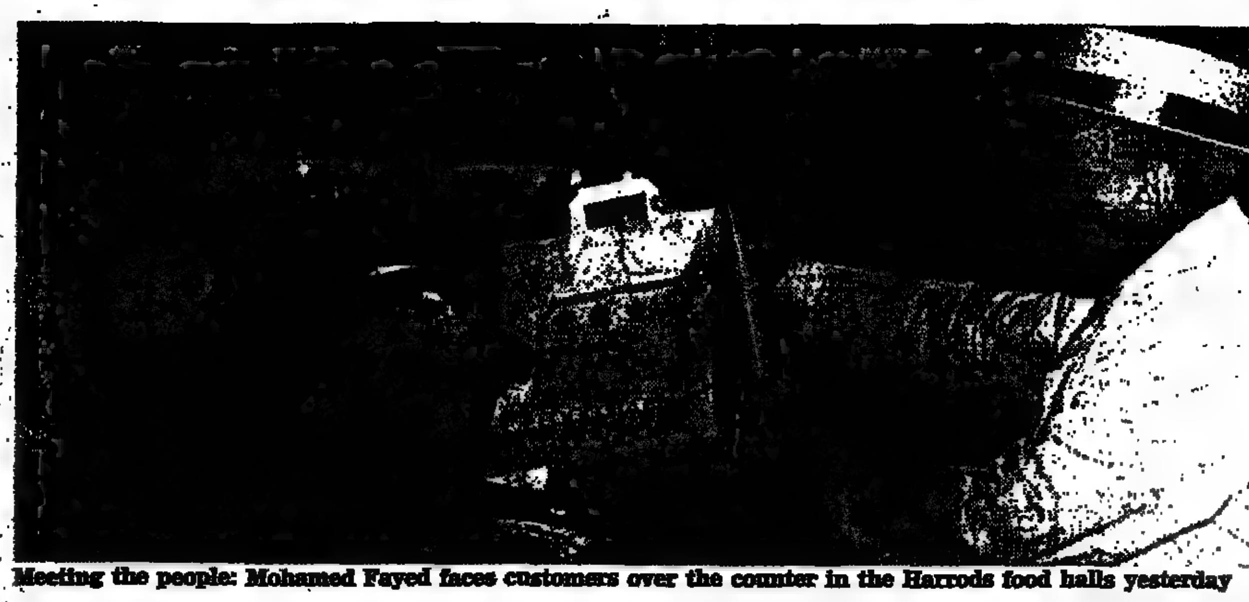
The inspectors say that, given the scale of the borrowings and the projected future profits, the group will be unable to maintain its present dividend policy without further borrowings. However, they are satisfied that thanks to the Fayeds' personal wealth at the time of their investigation "any future financial requirements . . . can be more than adequately met."

The inspectors describe the managerial style of Mr Mohamed Fayed as "mercurial and imaginative but also undisciplined." Although he is the dominant member of the Fayed family, their general impression of him is one of managerial naivety.

They say Mr Ali Fayed is a concerned and diligent chairman of HoF (Stores) with a financially analytical mind. He has less impact than his older brother and is more content not to interfere with his managers.

The two brothers have taken a close and concerned interest in the HoF group, but Mr Mohamed Fayed's inability to delegate frustrated their intention to retain an experienced chief executive.

David Barchard
Richard Waters



Meeting the people: Mohamed Fayed faces customers over the counter in the Harrods food halls yesterday

CENTRAL to the report are claims made by the three Fayed brothers — Mohamed, Ali and Salah — and repeated by their advisers in the run up to and during the HoF bid in March 1985. These included the brothers' family and business background, their wealth, and the assertion that they could buy the House of Fraser from their own resources. All are subjected to close scrutiny in the 752-page report.

Salah Fayed

Ali Fayed

CHRONOLOGY

April 1975: Mohamed Fayed joins Lonrho board. He later resigns.

July 1977: Lonrho buys 29 per cent in Scottish and Universal Investments (SUITS), which owns 10 per cent of House of Fraser.

September 1977: Lonrho takes 19 per cent stake in HoF.

July 1978: Lonrho bids for SUITS. Monopolies and Mergers Commission (MMC) allows the bid in March 1979.

August 1980: *Prof Roland Smith replaces Lonrho chief executive* Tiny Rowland as HoF chairman.

January 1981: Lonrho bids £226m for HoF. MMC blocks bid in December.

May 1984: Office of Fair Trading investigates Lonrho attempt to add 12 directors to HoF board.

June 1984: Trade and Industry Secretary Norman Tebbit asks MMC to examine Lonrho's battle for HoF boardroom control.

August 1984: DTI clears Lonrho of secretly buying HoF shares.

November 1984: Lonrho sells 29.9 per cent HoF stake to the Fayeds for £138.3m, bringing it profit of £70m — then buys a new 6 per cent holding. Mr Rowland leaves HoF board.

March 1985: Fayeds bid £615m for HoF. Lonrho sells HoF shares in the market, which are bought by Fayeds. Mr Tebbit drops 1981 bar on Lonrho bid - three days after Fayeds have gained control. He decides not to refer Fayed deal to MMC.

April 1987: DTI inspectors appointed to investigate HoF share purchases in 1984 and 1985.

July 1988: Inspectors' report given to Trade and Industry Secretary Lord Young, who calls in Serious Fraud Office (SFO).

November 1988: Lonrho asks courts to force Lord Young to publish report and consider referring Fayeds' takeover to MMC.

January 1989: *High Court backs Lonrho demands - Appeal Court* overturns decision.

April 1989: Lord Young says report discloses wrongdoing.

March 1990: SFO and Director of Public Prosecutions find insufficient evidence for criminal proceedings. Report released.

ADVISERS

Kleinwort is criticised for inadequate verification

THE SUCCESS of the Fayed bid — and the decision not to refer it to the Monopolies and Mergers Commission — owed much to the involvement of merchant bankers Kleinwort Benson and lawyers Herbert Smith.

Both advised the Fayeds in their pursuit of House of Fraser. Kleinwort is criticised over its role, whereas Herbert Smith did enough to distance itself from the Fayeds' claims to escape direct censure from the inspectors.

In November 1984 Kleinwort issued a press release describing the Fayeds as members of an old-established Egyptian family who for more than 100 years were shipowners, landowners and industrialists in Egypt.

The following March, the Fayeds' public relations consultants issued a statement which said that the bank was satisfied the Fayeds had more than adequate funds of their own to finance the offer.

Mr John MacArthur later said on television that the Fayeds were worth several billion dollars.

These and similar statements helped the Fayed cause, particularly by helping to satisfy the Secretary of State that there was no reason to refer the bid to the Monopolies and Mergers Commission.

In the rushed circumstances in which the bid was cleared, the regulatory authorities relied heavily on the Fayeds' City advisers.

The inspectors said: "While not disputing that the statements about the Fayeds were made in good faith, we do not consider that Kleinworts undertook adequate independent verification or inquiry before it allowed these statements to be made in its name."

Herbert Smith, on the other hand, specifically warned it was relying entirely on what it had been told rather than making independent checks.

But it said that two of its partners, Mr Edward Walker-Arnott and Mr Richard Fleck, were completely satisfied about the accuracy and completeness of what they had been told by the Fayeds since the firm had become involved with them in June 1984.

This, said the inspectors, helped the bid to succeed, since Mr Martin Vile assistant secretary at the DTI who was responsible for advising the Secretary of State, concluded from it that the law firm's reputation was "aligned" with that of the Fayeds. "We do not consider that this was an unreasonable view to take, although we understand the reasons why the firm maintains that the nature of its support for its clients was misunderstood."

Also, advice given to the HoF board by S.G. Warburg, among others, helped to satisfy it about the Fayeds — although Warburg is not criticised over its involvement, having relied to a great extent on what it was told by Kleinwort and Herbert Smith.

This, said the inspectors, was justified: "We consider that dealings between banks of this stature would become very difficult if a banker's word, given at a senior level . . . cannot be trusted by a fellow banker."

It was not just the involvement of Kleinwort, Herbert Smith and Warburg which lent the Fayeds' claims credibility. The report traces what it calls a chain of acceptance through the City establishment which, more than anything, led to the Fayed's claims being accepted so widely.

Apart from Kleinwort Benson and Herbert Smith, many others lent weight to the credibility of the Fayeds, knowingly or otherwise.

These included banks such as Royal Bank of Scotland, which maintained accounts for the brothers in London, Morgan Grenfell, which became involved with them through the financing of construction work in Dubai, and Lazard Brothers, which helped them acquire the Ritz hotel in Paris in 1979 and continued to advise them until 1984.

Others included construction companies Costain and Bernard Sunley, public relations consultants Broad Street Associates, and the House of Fraser board itself. The press played a significant part in advancing their cause. The inspectors said: "It is clear that bankers and advisers were misled. Indeed a determined effort was made to mislead us at the start of our investigations which might have been successful.

"A major issue — how far advisers should accept their clients at face value — is raised by the events . . ."

Once begun, however, the chain of acceptance could not be broken, with references feeding on each other to lend weight to the Fayeds.

The inspectors said: "This construction of acceptance upon assumption, derived without proper inquiry, followed by presumption based upon the presence of other names of repute, built a structure without foundation." In such a climate, the few questioning voices — from Lonrho, and from a small number of journalists — carried little weight.

Mr Rowland and Lonrho's other directors were their own worst enemies, said the inspectors, since they had badgered and berated everybody for so long that their claims were heavily discounted.

The regulatory authorities were themselves said to be faced with worrying information, although some of it appeared to be of a dubious nature. In the end they had little choice but to rely on the assertions of the Fayeds and their advisers.

It was impractical for officials and ministers to operate on any other basis than that they were not going to be deliberately misled.

It was not the Secretary of State's job to do the City's work for it.

Richard Waters

Affair exposes flaw in the way business is done in the City

There are important lessons to be learned from the way in which the Fayeds' reputation was established, reports Richard Waters

AFTER the party, the reckoning. The five-year dogfight over the takeover of the House of Fraser in 1985 by the Egyptian-born Fayed brothers has been one of the most entertaining business stories of recent years, pitting the Fayeds against the international trading company Lonrho and its chief executive, Mr Roland "Tiny" Rowland.

But now that the full story has been told so long after the event does it all matter? After all, as the Fayeds said yesterday, they had paid for their acquisition in cash and in full. Also, takeover policy at the time was — and still is — driven mainly by competition considerations, and this bid clearly had no implications for competition.

In spite of this, the lies told at the time of the bid are important for two reasons: the truth about the Fayeds has important implications for the House of Fraser and its many thousands of employees, and the lies told at the time of the bid expose a serious flaw in the way business is done in the City.

The Office of Fair Trading regarded the financing of the bid as a significant issue to the future of the House of Fraser, and came to the conclusion that the Fayeds would be good for the group in this respect. Its deputy director-general was led to believe that the Fayeds "would provide the opportunity for investment which the present owners could not match."

Much of the money used to buy HoF has since been replaced by bank borrowing. Money has also been borrowed to develop HoF, and to finance a holding of 10 per cent in Sears.

These borrowings had reached £870m by April 30 1988. The result: "The extent of these borrowings are such that HoF at its current rate of profitability does not generate sufficient funds from its ordinary trading activities to meet the interest liabilities" of the various group companies.

It therefore seems likely that the true financial position would have mattered very much to the regulatory authorities, had they known it at the time.

Much is also made in the report of the Fayeds' lies about their family background. This, however, is less significant than their claims of financial wealth, appealing more to a British sense of snobbery than a feeling that all those involved were badly let down.

Does it really matter that the brothers were sons of a teacher, and not part of a long-established Egyptian family, as they had claimed? Except to the extent that the fictional family history gave credence to the claims of fabulous wealth, it seems unlikely that it was significant to the outcome of the bid.

It also appears that the brothers have not been bad managers of the stores group. The Fayeds have taken a "close and personal interest" in the group since its acquisition — although the inspectors doubt whether they have allowed the group's managers the autonomy they promised. Mohamed Fayed's leadership at Harrods has been "to say the least mercurial." His inability to delegate or leave directors of group companies room to manage is blamed in part on the high turnover of staff.

However, the Fayeds gave no formal undertakings on how HoF would be run, and so cannot be criticised for what has happened since.

From a broader perspective, the deceptions at the time of the HoF takeover also matter a great deal to the way business is done in the City. What emerges from the report is the ease with which the Fayeds' standing grew in the City, between June 1984 and March 1985, to the point where "two relatively unknown individuals" emerged with "full control over the largest group of department stores in Europe."

This "has long-term significance for the way in which business is done in the City and the way in which government and its agencies may in future view the value of assurances from names in the City," say the inspectors.

They point to a number of lessons from the case:

- There must be a clear demarcation of responsibility between professional advisers, to prevent the sort of situation where each relies on the other to check assurances given by a client.
- It is vital that advisers take proper steps to know their clients.
- Advisers should have proper procedures, covering such issues as the taking on of new clients, the taking of references, and the acceptance of instructions from clients.
- Advisers should be more careful in how they use the media, in particular making sure that they are sure what they are saying is accurate.
- Procedures should be laid down to prevent the sort of "muddle" that occurred over the submissions to the Office of Fair Trading, in particular making the responsibilities of the advisers clearer.
- The Takeover Code contains loopholes, particularly in respect to offers made by non-corporate owners of shelf companies.

If the conduct of the bid does matter, then why has nothing been done? The short answer is that the various regulatory agencies either have no power to act or have decided not to. The Serious Fraud Office last week said it would not prosecute over the affair, apparently after it was unable to obtain evidence and witnesses from a number of other countries.

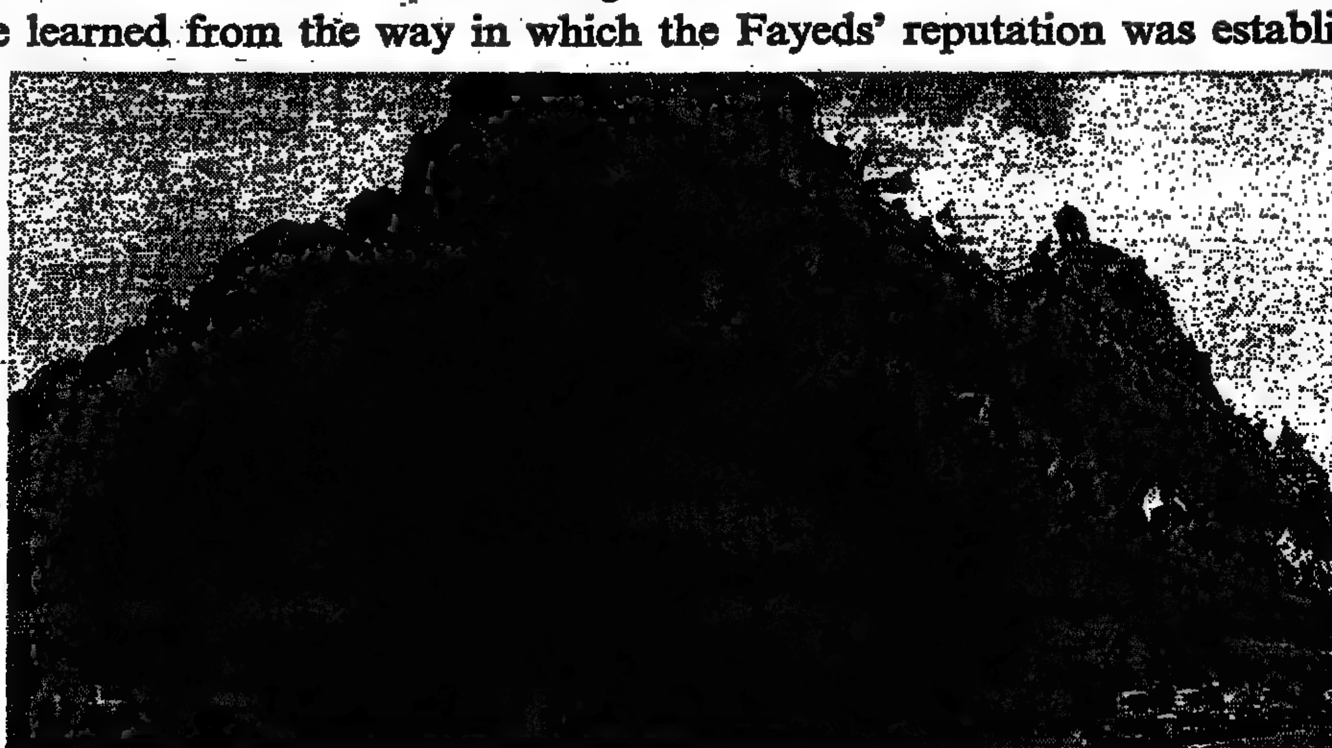
The DTI, for its part, has decided not to use its power to disqualify the Fayeds as directors, something that it is able to do in the public interest. The department yesterday stressed that the report was not intended to be a punitive one — although the inspectors in their report say: "The giving of false evidence to Companies Act inspectors ought to be made in itself a sufficient reason for disqualification of directors."

Also, the DTI no longer has the power to refer the matter back to the Monopolies and Mergers Commission, the only body with the power to force a divestment of HoF by the Fayeds. This right expired six months after the inspectors had delivered their report in June 1988.

Other actions may follow. Lonrho may take legal action over damages it claims to have sustained in being foiled from taking over HoF itself, or the Bank of England may decide to disqualify Harrods from running a bank.

But at this stage, it appears that the Fayed brothers are safely ensconced as the owners of HoF and Harrods, one of the world's great department stores.

Editorial Comment, Page 22; Lex, Page 30



Harrods — where the leadership of Mohamed Fayed is described as "to say the least, mercurial"

TECHNOLOGY

Della Bradshaw explains why improvements in telephone banking should increase convenience

Dial M for Money

The two most common ways of checking your bank balance are to stand in a queue in an overheated bank or stand in one in the rain-swept street waiting for a free ATM (automated teller machine).

However, banks and building societies are now beginning to realise that it is in their interests, as well as in their customers', for enquiries to be made over the phone from the comfort of a centrally-heated office or a cosy armchair at home.

For the banks it cuts down the queues in the branches and reduces the paperwork – the number of cheques written, for example. For the customers it provides the convenience of instant information.

As a result telephone banking – where account holders pick up the phone to interrogate their bank's computer systems and are answered by a recorded voice – is viewed by many as one of the biggest technological developments in retail banking.

"What ATMs were to retail banking in the 1980s, telephone banking will be in the 1990s," predicts Robert Farbrother, Managing Director of Nexus Payment Systems, which runs the Link ATM services for 21 of the participating *financial institutions*.

But others disagree. With its First Direct service, Midland Bank has opted for a service where customers talk to a human operator instead of a computer. Mike Harris, Chief Executive of First Direct, says the bank took customer opinion into account before launching the services. "Our research showed that about 85 per cent of people preferred to talk to people rather than a computer," he says.

Initial acceptance of computer telephone banking services would seem to bear Harris out. Ivor Fox, head of banking at the Northern Rock Building Society, based in Newcastle, says take-up of his society's service "has been slower than anticipated."

And Geoff Hammond, manager of the technical side of the telephone banking service for National Westminster bank (the only one of the big four banks to go for this type of service) also reports a disappointing take-up.

But both agree that it is simply a matter of time before the services prove popular, with Hammond pointing to the evolution of ATMs as a parallel. "In 1972 we asked our customers to put a bit of plastic in the wall and hope that cash would come out. Now there are 4½m or 5m people using ATMs."

Since the launch of the first computer banking service more than two years ago, about 20 of the UK's 630 or so banks and building societies have launched services. Between them they have around 1m participating customers – although the TSB alone has 250,000.

For strategic reasons it has been the smaller building societies, rather than the big banks, which have pioneered telephone banking. Eager to woo personal bankers from rival banks, the building societies saw telephone banking as a marketing tool. The Halifax, for example, introduced the service along with its Maxim cheque account last year.

A bonus for the smaller building societies is that telephone banking makes their limited geographical presence less of an obstacle. This was one reason behind the decision of the Chelsea Building Society – with just 55 branches and 200 outlets – to begin the service, says Richard Ashford, Marketing Controller. It has opted for a bureau service from Nexus Payment Systems, in which one telephone banking system is shared by several building societies or banks.

Technically, many banks and building societies have found the introduction of telephone banking easy. Those which have ATMs linked to fault-tolerant computer systems, from companies such as Tandem or Stratus, already have a system whereby the computer is interrogated for, say, the latest balance.

They can set up a similar procedure for telephone banking, installing a piece of equipment called a voice response unit between the computer and the caller. These voice response units, from such companies as Autophon, part of the Swiss Ascom group and Marconi Speech and Information Systems, of the UK, take the "bleeps" made by the push buttons of a modern telephone and translate them into the digital pulses recognised by the computer system as numbers. The computer is persuaded that the voice response unit is an ATM machine.

Critics of this approach, such as Nigel Walsh, Marketing Director of the Software Partnership, which provides financial software, argue that it has strict limitations. Although the telephone banking service can, with the exception of giving cash, do everything that an existing ATM can do – give the latest balance, enable cheque books and statements to be ordered – that is all it can do. Introducing new telephone banking services, such as ordering foreign exchange, would be difficult.

For the customers there are three ways of banking from home, the simplest by pushing the buttons on a modern telephone. The customer communicates the account and identification numbers and then by pressing a further series of numbers – one for balance, two to order a cheque book – the enquirer can tell the computer to carry out specific tasks. To pay bills customers have to go into their branch and set up the documentation – in a similar way as setting up a standing order – and then fill in the electronic payment forms by tapping in the digits.

For those without modern telephones, banks and building societies are also supplying tone pads, small electronic units which imitate the bleeps made by the phones. These cost between £6 and £10.

Far more adventurous are banks which have opted to use voice recognition units, which listen to the caller and then respond. Although horror stories about these sort of systems abound – that they have problems recognising the word "four", for example, or that the echoes from an uncarpeted floor make the sounds unrecognisable – the technology is improving rapidly. And, as Hammond puts it: "If you use voice and you want to use voice, then you will make yourself understood. You will articulate properly."

Nevertheless, most banks admit that there will always be up to 20 per cent of bank account holders whose voices will be unrecognisable by the systems. And voice recognition units are slower to use than touch tone phones or keypads, and could lead to security problems.

If a call was made from a public place, such as an office, the numbers could be overheard. And, according to Fox at the Northern Rock building society, many calls are made from the office. He reports that the most active time for using the service is between 9.30 and 10.30 on a Monday morning, with customers eager to find out whether they have overspent at the weekend.

Voice response units vary in sophistication and fall into three categories:

● Isolated word systems, which recognise a spoken digit at a time, each word spoken between a "bleep".

● Continuous digit systems, where a string of numbers can be uttered, and the whole sequence recognised.

● Voice "print" system, the most adventurous of all, where the individual voice of the speaker is used to authenticate the transaction. The words are compared to a "voice print", which is recorded at the local branch. Only if the two match can the transaction take place.

Whereas the two simple types of voice response units recognise a series of digits and a handful of words, such as "stop", "yes" and "no", customers using voice print systems can be asked to record a much wider range of words.

The Royal Bank of Scotland has already carried out a trial in four branches using voice recognition technology from British Telecom and is planning to launch a nationwide service later this year.

WORTH WATCHING

Edited by Della Bradshaw

Piggy that won't go to market

THE technology division of PA Consulting is helping Danish pig farmers to bring home the bacon.

The Cambridge-based consultancy is developing an automated system designed to detect "sex odour" in the meat of male pig carcasses. This odour, or boar taint, which makes the meat unpalatable, is due to the development of a substance called skatole. This appears in some slaughtered boars which have not been castrated.

The £12m contract is for PA to supply the Danish Meat Research Institute (DMRI) with automated systems so that affected meat can be removed before it arrives at the butcher shop. Eventually 19 systems will be installed in all the big Danish pig export abbatoirs, saving DKr 300m (£28m).

The system, which will be compatible with existing abbatoir control systems, begins by measuring the skatole in the pig's spinal fat. This is done by extracting the substance into an organic solvent and analysing the sample using a spectrophotometer. The coded results are sent electronically to a sorting station so that the culprit carcase can be diverted.

Cables invade the phone network

IN a bid to increase revenues many international cable television companies are considering whether to supply telephone services to their customers in addition to television programmes.

The sticking point for many is the need to dig up the roads to lay more cables – one of the biggest expenses for cable companies. To help the cable TV operators provide phone lines at a reasonable cost, GPT, the UK telecommunications firm, has devised a piece of equipment which will enable them to install chunks of cable which can be used for either television or telephony, as the customer demands.

The C-Mux multiplexer can be used on either copper cabling or optical fibre from the local telephone exchange and into the home or office. GPT envisages that, because of the local cost of the C-Mux, it will also enable telephone companies to take optical fibre cables further into the local telephone network.

Probing the heart of the problem

A SURGICAL probe which can reduce the need for expensive heart valve surgery has been developed by the UK's Surgical Technology Group.

Ultrasonic probes, which cut away tissue by vibrating at high frequencies, are already in surgical use. The advantage of the Surgical Technology probe is that it vibrates at a much higher frequency – 35 kHz as opposed to the standard 24 kHz – and therefore is more accurate.

As well as reducing the damage to surrounding tissue and preventing blood loss, the probe can be used for new applications. The most obvious is in removing calcified deposits from heart valves, eliminating the need for surgery.

Magnetic disks lose their hold

A MEMORY card large enough to store about 400,000 words could replace today's floppy disks in applications such as the retail sector and industrial control, where magnetic disks are prone to error because of the grubby surroundings.

According to Mitsubishi Electric, in Tokyo, the memory card is the first on general release to contain 2 Mbytes of information using static Ram (S-Ram) technology. The S-Ram device has battery back-up on the card, which means that when it is removed from the terminal or PC it remembers the information programmed on it for future use.

The card, which resembles a chunky credit card, is also finding its way into Japan's latest computers – notebook machines which are smaller than ordinary portable computers but larger than the electronic notebooks.

Air purifier goes underground

EMISSIONS from mining and tunnelling equipment can be particularly dangerous because the fumes are trapped underground. To help eliminate such an unhealthy atmosphere, Engelhard, the US catalytic converter specialist, has developed an exhaust purifier. It converts hydrocarbons and carbon monoxide to water and carbon dioxide and reduces the level of sulphates and sooty fumes associated with diesel engines.

The purifier, developed primarily by Engelhard in the UK, consists of a precious metal catalyst bonded to a ceramic honeycomb. The converter can be fitted on site to equipment already in use.

Stiff suit dives to new depths

OLD adventure movies, in which terrifying aquatic monsters lurked on the sea bed, always involved a hero clad in a rigid diving suit peering through a helmet.

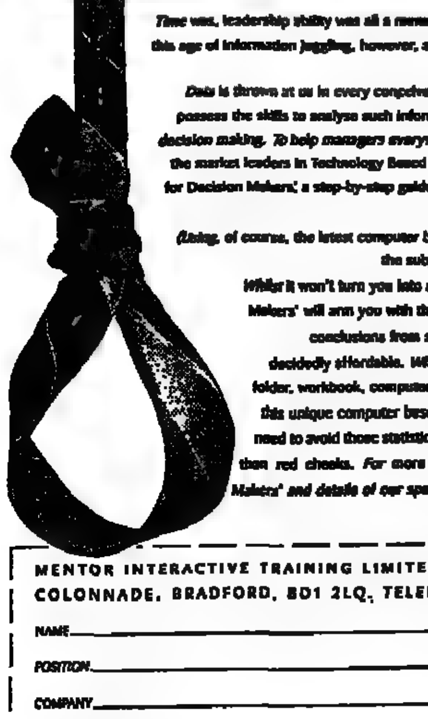
While most recent diving equipment has concentrated on the flexible suit made from synthetic materials, the rigid diving suit now looks set to make a comeback.

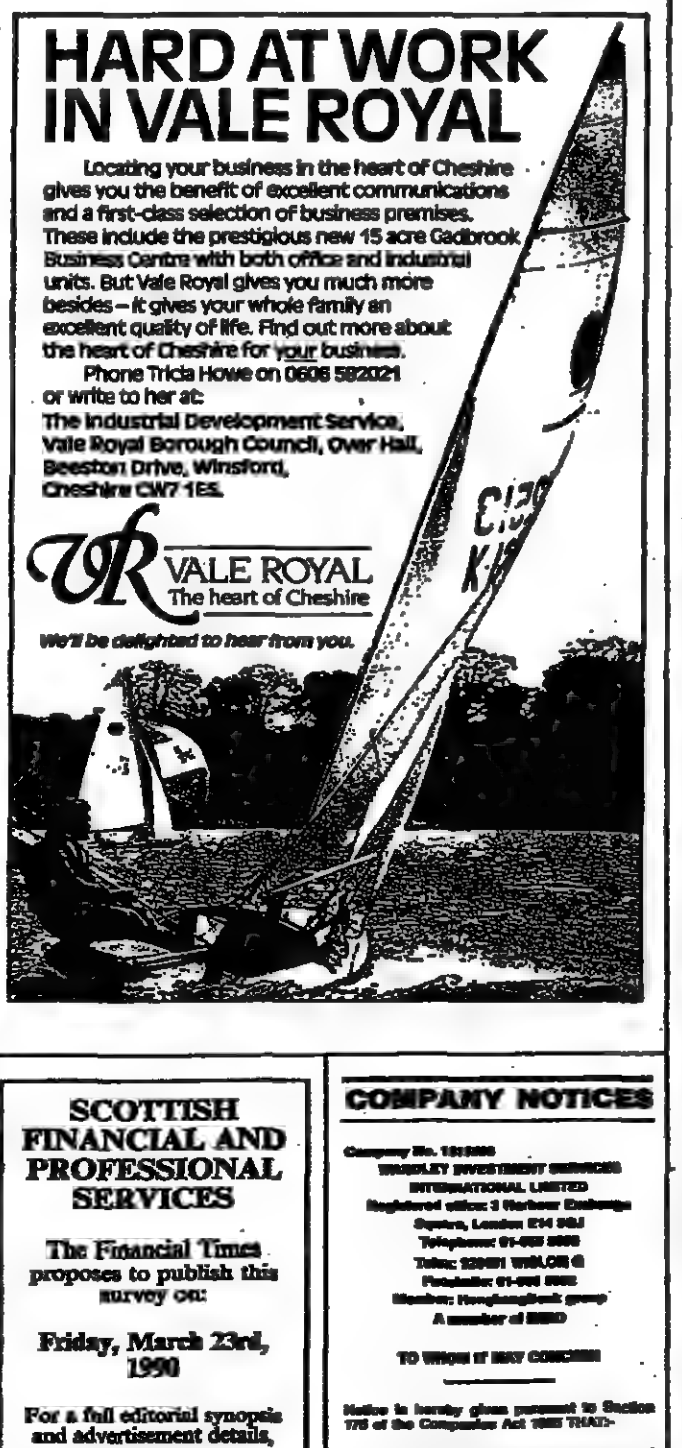
The West Germany company Dräger, of Lübeck, has developed a rigid suit made of seawater resistant aluminium, with rotary joints of aluminium alloy.

The advantage, says the manufacturer, is that since the water pressure is on the suit and not the diver's body, he or she can sink to depths of 300 metres – compared with only 50 metres with many of today's suits.

The aptly-named Newtsuit could reduce the cost of, say, underwater repair work on an offshore oil rig by enabling single divers to carry out the work rather than using complex diving machines.

Contacts: PA: UK, 0763 261222. DMRI: Denmark, 42 36 12 00. GPT: UK, 0602 466558. Surgical Technology Group: 0264 65741. Mitsubishi Electric: Japan, 03 218 3473; UK, 07072 76100. Engelhard: US, 201 632 6915; London, 643 5080. Dräger: West Germany, 0451 882 2165.





COMPANY NOTICES

TO WHOM IT MAY CONCERN

Notice is hereby given pursuant to Section 175 of the Companies Act 1985 THAT:-

1) The above-named Company has approved a payment out of capital for the purpose of acquiring its own shares by redemption.

2) The amount of the permissible capital payment for the shares in question is £944,000 and the special resolution approving such payment out of capital was passed on 2nd March 1990.

3) The Statutory Declaration of the Directors and Auditors' report required by Sections 173 and 174 of the said Act are available for inspection at the Company's registered office at 3 Harbour Exchange Square, London E14 9GJ.

4) Any creditor of the Company may at any time within the five weeks immediately following 2nd March 1990 apply to the Court under Sections 176 and 177 of the said Act for an Order prohibiting the payment.

Secretary
2nd March 1990.

BUSINESS LAW

Drexel given a push before it fell

By Leo Herzel and Richard W. Shepro

Did a reckless Drexel Burnham Lambert topple over the precipice or was it pushed by the US Securities and Exchange Commission and the US Department of Justice?

Although it is possible that Drexel's fall was caused by inherent weakness in the junk bond market, this is only speculation. Some of the weakness in the junk bond market may have been caused by the long impending criminal prosecution of Drexel. Certainly the dismissal of Mr Michael Milken, Drexel's indispensable junk bond star, was caused by the criminal prosecutions.

In general terms, the legal and financial excesses of Drexel Burnham in the takeover and junk bond markets are well known. Strong-arm tactics used by some of Drexel's representatives in the takeover market made many enemies.

Just over a year ago, the firm pleaded guilty to six felony violations of the securities laws and agreed to pay $650m in fines. The indictments of Mr Milken and some of his colleagues, in which the government seeks an additional $1.85bn in forfeitures are still pending. However, none of the charges in the indictments calls into question the validity of junk bonds or the junk bond market.

The sledgehammer that stunned Drexel was the Racketeer Influenced and Corrupt Organisations Act (RICO), an exceptionally broad statute originally designed to fight organised crime.

It allows the government to seek treble damages and to ask the court to immobilise the defendant's assets before a trial. Once RICO charges are filed by the government a securities firm may have little choice but to settle.

Drexel had already seen a much smaller firm, Princeton/Newport partners, forced into liquidation pending its trial on RICO charges. Considering the hold the government had over it, Drexel's agreement to pay $650m and to turn against Mr Milken was not surprising.

For a securities firm, pleading guilty to a felony can be devastating. Drexel, for example, immediately became incapable of continuing a full-scale securities business because of state law restrictions on a felon's securities business activities.

The felony convictions also opened the door to large contingent liabilities to the New York Stock Exchange and from many who claim injuries arising out of the felonies.

These problems prevented Drexel from finding a merger partner or new capital from a large investor. Even its 35 per cent owner, Group Bruxelles Lambert, reportedly decided to call it a day because of its fear of these contingent liabilities.

Paradoxically, the sudden collapse of Drexel is exactly the kind of crisis that expert financial regulatory agencies such as the Securities and Exchange Commission were conceived to avoid.

Why did the Commission take so long to address Drexel's shortcomings and, when it did act, why was it so ham-fisted? In retrospect it appears that earlier and subtler forms of regulatory persuasion would have done much less damage to US financial markets.

Probably one part of the answer is ideological. When Drexel and its junk bonds began to dominate the takeover market in the mid-1980s there was still enormous enthusiasm for takeovers.

The Securities and Exchange Commission, for example, filed briefs in the courts arguing that street sweeps were an illegal defensive tactic. It exerted pressure through disclosure requirements on takeover-defence motivated charter amendments and re-incorporations to states with more favourable anti-takeover legal rules. And it instituted rules restricting the use of stock with special voting rights.

It was not unusual at that time to view Drexel more as a hero than as a villain. Its role in the takeover market could be seen (correctly) as an important check on self-serving activities of corporate managers.

However, that simple, cheerful view of the matter was not the whole story. Over the years, the Securities and Exchange Commission must have received plenty of complaints about Drexel's activities from competitors and other victims of its aggressiveness. Specifically, the Commission should have been alerted by the private lawsuit filed against Drexel in 1985 by Staley Continental, alleging that Drexel had used strong-arm tactics to manipulate its stock illegally. (The lawsuit was settled in 1989.)

The SEC's failure to take these warnings more seriously may have been the result of bureaucracy's natural suspicion of self-serving complainers, or bureaucratic inertia in the face of a very ambiguous problem involving a highly visible and successful investment banking firm.

In any case, as far as the public knows it was only with the leads that emerged from the Wall Street insider trading cases that a serious investigation of Drexel Burnham began. As the investigation progressed, it turned into a crusade to win a blockbuster case. By then there was little chance that the SEC could use subtler methods to try to reform Drexel Burnham and possibly the junk bond market.

The collapse of Drexel Burnham also raises another important policy question: why did ordinary market forces fail to control the problems? The bad deals done with junk bonds clearly were not the exclusive fault of Drexel. Many other important institutions participated.

Some investment bankers, economists, politicians, financial journalists and lawyers did publicly voice their concerns about junk bonds and too much leverage. But when faced with a particular deal most financial professionals took a narrow short-term view saying, in effect, "let's make our profit now and let someone else worry about the cosmic problems."

Moreover, industry fee practices, which emphasise large amounts of compensation at early stages in transactions, aggravated the problem. It was more important to get deals done than to ensure that they would be economically successful. Furthermore, the breakdown of traditional investment banker-client relationships tends to increase the emphasis on a short-term approach to clients and compensation.

Industry self-regulation was not a practical alternative either. In the US, co-operative self-regulation is legally highly risky unless it has a solid statutory basis. Anyone who is damaged can sue on anti-trust grounds (treble damages) or for interference with an advantageous economic relationship. On the other hand, industry self-regulation is far from a perfect solution. It can easily turn into a self-serving monopolistic clique.

In short, the highly competitive US financial markets created a tremendous incentive to ride freely on the short-lived success of junk bonds.

Private litigation is a key element in the US system of securities regulation but in this instance it did not work either. Target companies had tremendous incentives and large resources to discover abuses in the takeover market but they failed.

This should not be surprising, since it is very difficult to get information about the inner workings of the financial markets. Market professionals are not eager to explain even when they feel they have been wronged. Without the threat of criminal sanctions and the other great resources of government, private litigants found it impossible to obtain hard evidence of abuses.

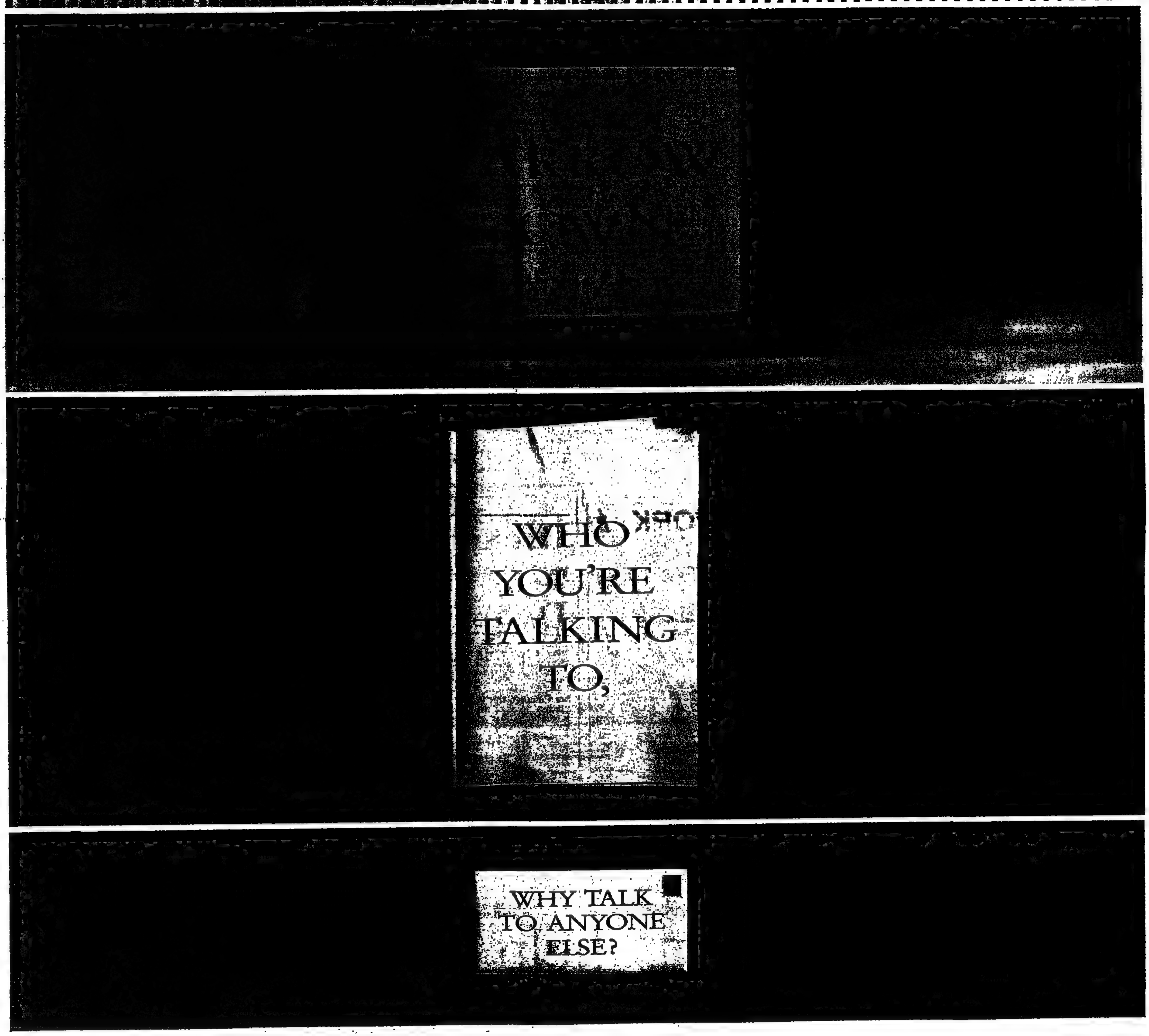
Although there have been many misuses of junk bonds, they serve a valid purpose. They will not disappear although their name may change. Drexel's collapse probably will be remembered as an aberration and a very personal warning: hubris leads to nemesis.

For a while at least, financing for acquisitions that do not have a specific business purpose will be much more difficult to arrange. This will make it easier to complete mergers that are aimed at a specific business goal. But it will also revive a challenging old problem. What will keep the managements of target companies and bidder companies in line when the threat of takeovers is reduced?

More generally, the Drexel Burnham collapse calls into question the possibility of successfully regulating free financial markets by either market self-correction or the use of flexible government agencies like the Securities and Exchange Commission.

Individual participants in the market find it uneconomic to act in the interest of either the financial markets or society as a whole and impossible to co-operate with others in order to do so. Regulatory commissions on the other hand have a tendency to react too late to new difficult problems and then too violently.

The authors are partners in the Chicago law firm of Mayer, Brown & Platt.


WHO YOU'RE TALKING TO,
WHY TALK TO ANYONE ELSE?

MANAGEMENT: Marketing and Advertising

UK fashion retailing

Chelsea Girl deserts to River Island

Maggie Urry explains a strategy which allows no sentimental attachment to a name

When some companies are avidly adding the value of their brands to their balance sheets, it is, perhaps, surprising to see one being tossed away. Yet that is what Chelsea Girl, the chain of fashion stores for young women, appears to be doing. The name will not die entirely, though, as it will later be licensed.

Chelsea Girl and Concept Man, its masculine equivalent, both owned by Lewis Shops, a private group, are being transformed under a new name, River Island. The Chelsea Girl name was thought up in the mid-1960s, and replaced the shops' original name, Lewis Separates. It is reminiscent of the "Swinging London" and "Kings Road" era of fashion.

Now, says Leonard Lewis, managing director of the chain and the son of the founder of the retail business, the customers are the children of Chelsea Girl's original customers. "We never thought the Chelsea Girl brand would last 25 years," he admits. It is one of the leading names in the young fashion sector of the market and Verdict Research, the retail consultancy, estimates that the group has 1.3 per cent of the UK clothing market.

Many retailers are loathe to change their brand names, and have successfully repositioned them. Dorothy Perkins, for instance, which is owned by the Burton group, dates back to 1916, when it was named after the rose.

Lewis has no qualms about dropping the Chelsea Girl and Concept Man names. "To us there is nothing magical about the name above the door," says Lewis, arguing that it is simply part of the package put before customers. Far more important, he says, are the management and financial systems, the people in the business and the merchandise.

Over the next few months the remaining 170 Chelsea Girl and Concept Man shops will be converted to River Island, and with new openings that take the chain to 260 shops selling both men's and women's clothes.

The change is taking place against a background of difficult trading conditions for clothing retailers. A recent report by Verdict concluded that: "Clothing retailers are experiencing intense pressure on sales densities and overcapacity will continue to be a serious problem in the forseeable future."

Lewis says that changing the identity of the shops is in keeping with trends in the market. Chelsea Girl was aimed at the teenage market. The population is shifting, and there will be many fewer teenagers in years to come.

It is the right time, Lewis suggests, to reposition the chain towards an older age range. The group recognised this about two years ago, he says, and asked itself whether the shift could be made using the Chelsea Girl name. It decided that it would be better to create a different brand.

Having recognised the need for a change, the group then had to work on new designs. It decided against the minimalist designer style of the late 1980s and make the shops "feel relaxed and intimate."

Lewis says two commissioned designs were turned down as being too much like the "hard-edged" 1980s style, and instead the directors decided to design something they felt was in keeping with the 1990s.

Further, the merchandise was planned to be "more fun and less serious than the power dressing of the late 1980s." Casual clothes are now where the excitement is, Lewis says.

People are readier to trust their judgment in choosing clothes rather than accepting whatever the fashion magazines are telling them to wear. The range on offer is carefully edited and the shops are not overfilled with stock.

Shoppers in a River Island store might feel they have wandered into someone's living room – there are vases of flowers, rugs on the wooden floors, and battered sporting trophies, tennis rackets and trunks around the shop. The idea is to create a cross between a Long Island beach house and an English country house.

The first shop was opened in Exeter 18 months ago, and the experiment was soon extended to three more shops. While Lewis soon found that the new brand could work in the odd store, the trick was to turn it into a national chain.

More shops were opened to reach the current 75 shops. The design has been refined until now Lewis reckons it can travel across the country.

After working on the format for 18 months, the conversion of 170 stores can be rolled out rapidly, and all will be done by September, taking only a week or two for each shop. Teams of shop-fitters have been trained to move in and work as if on a production line.

Being a private company, says Lewis, allows the group to take a longer-term view of such development. It would be more difficult for a public company to make such a radical change – something that A Goldberg, the loss-making Scottish-based retailer which has attempted to reposition its business while under takeover threat, could perhaps confirm.

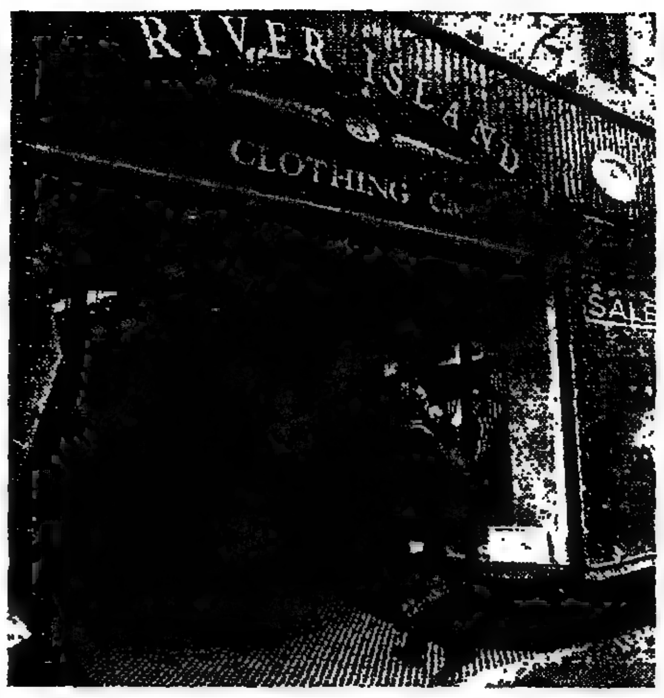
Lewis says that the most crucial part of the business is managing the supply chain. Most of the merchandise is designed in-house, with fabric bought in and manufacturing sub-contracted, whether in the UK or abroad. Clothes can be run up in a few weeks if the group has the fabric and a UK manufacturer.

The aim is to minimise the stock in the shops, and to replenish it rapidly; thus reducing the risk of being left with stock that does not sell. Although buying in bulk would be cheaper, making frequent, small orders is safer.

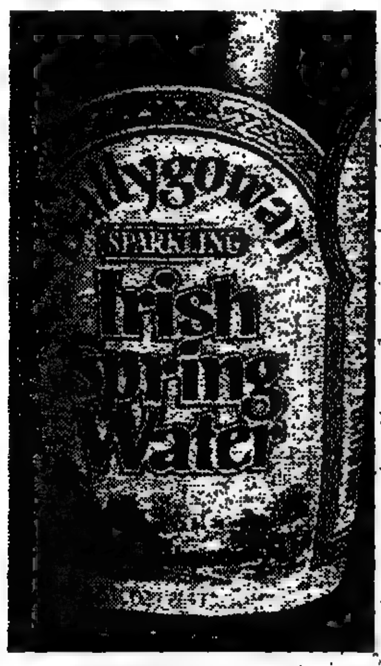
A tight control on stock is maintained and each week the group reassesses the value of its stock. Lewis says it is prepared to cut prices if necessary, rather than hope that sales of a line will pick up.

The true discipline is the opportunity cost of one line taking space on the sales floor at the expense of another, says Lewis. He does not want the shops cluttered with several weeks' stock. Thus the group can operate from smaller shops than some of its rivals, keeping costs down.

Lewis believes there has been a fundamental change in the cost structure of retailing because of the rapid increase in shop rents of recent years. He reckons the River Island format recognises the new calculations retailers have to do and can make a smaller shop work effectively in the current harsher climate.



Ballygowan's high heaups for dampening Perrier



One thing the Irish Republic is not short of is water. The country also has an image that is, in these days of growing environmental consciousness, relatively clean and green.

These two factors have convinced Ballygowan, Ireland's leading spring water company, that it has both the necessary liquid supplies and the correct marketing weaponry for an assault on the world's growing mineral water market.

"We are not gloating over Perrier's problems," says Geoffrey Reid, Ballygowan's founder and chief executive. "But obviously we are now hoping to increase sales significantly, particularly in the UK market."

Ballygowan has already taken on Perrier in Ireland. It claims it now has nearly 60 per cent of the home market. While this figure is disputed by Perrier and smaller Irish bottled water companies, there is no doubting the Ballygowan success story. Its sales of both still and carbonated were 200,000 litres in the first year of production in 1984.

Following in Perrier's footsteps, it recently introduced waters flavoured with lime, lemon and orange; these account for 5 per cent of its total sales which last year were 12m litres. While such sales are small compared with Perrier and other leading brands, it has big expansion plans.

In 1990 Ballygowan expects sales to grow to 20m litres, with much of the expansion targeted at the UK market. The company has recently signed an agreement with Grand Metropolitan for distribution through 15,000 GM outlets in the UK.

"We have carried out a two year test marketing campaign in the UK and now feel we can challenge the dominance of Perrier, which up till now has had 90 per cent of mineral water pub sales," says Reid.

Ballygowan is produced at Newcastle West in County Limerick in south west Ireland. Bottled drinks have been produced there since 1876. Reid formed a joint venture with Richard Nash, who owned the local bottling facility, in 1983.

In 1986 Anheuser Busch, the US brewing giant, purchased a 50.1 stake in Ballygowan. But the new partnership did not work. Anheuser Busch was having considerable difficulties in its beverage division and Ballygowan felt marketing of its products was being affected badly.

Late last year Reid, 35, led a buy-back operation. He and Nash now each now have a 35 per cent stake in Ballygowan, with the balance held by Mercury Asset Management, the fund management subsidiary of merchant bankers S G Warburg.

Like many privately held Irish companies, Ballygowan is very reticent about disclosing any financial figures. Reid will only say that the company is trading profitably and has no debts. He prefers to talk about the advantages he feels Ballygowan has in the business.

"Ireland missed the industrial revolution. Because of that we have a head start on the other European countries in the clean environment stakes," he says. "When it comes to bottled water ideas are changing. People are more concerned with quality than fashion now. We pride ourselves on the purity and quality of our water."

Reid claims that the Newcastle West plant is the most modern in Europe. Most of its operations are fully automated and in total Ballygowan employs under 50 people, including secretarial staff.

Anheuser Busch supervised much of the design and building of the Ballygowan plant and did exhaustive testing on the water supply. "The rainfall in Newcastle West comes in straight from the Atlantic. There is no acid rain here," says Paul Tracey, Ballygowan's operations manager. "Most of the land round here is either parkland or lying fallow so there is very little agricultural pollution, unlike elsewhere in Europe."

Ballygowan will capitalise on what it describes as Ireland's wholesome image in an advertising campaign now getting under way in the UK. "Perrier was associated with fashion," says Reid. "We are concentrating on making people aware of the clean environment Ballygowan comes from. Perrier were pioneers in bottled water. They established their own mystique. But we are pioneers in our own way," says Reid.

The Irish David taking on the French Goliath in the UK should be a lively battle, though the cost of both products will be more or less the same to the consumer.

Bottling water and selling it is not as simple as it looks. But in Newcastle West people are confident. They also seem to want good relations with their French rivals. "Newcastle West – twinned with Chartres de Bretagne" says the town sign near the Ballygowan plant.

Kieran Cooke

Costly ride for theme parks

By David Churchill

BRITAIN's theme park operators will have to spend an increasing amount of money and effort on marketing their leisure facilities in the 1990s in order to keep up with changing demographics in the UK and the competition posed by the EuroDisney development in France.

Tourism Research and Marketing, a market forecast company, suggests in a new study of theme parks that in spite of the difficulties faced by some UK operators in the past decade they have had the opportunity of developing in a relatively immature market. Admissions have risen by two-thirds over the past five years – to reach nearly 10m visitors a year – as a result of the general growth in popularity of day-trips and short break holidays in the 1980s.

"But as the theme park market matures, along with the rest of the day-trip market, increasing product and promotional sophistication will be required," says William Richards, author of the study.

The key influence in the 1990s will be fewer 16-to-24 year olds, especially in the crucial C and D socio-economic (clerical and manual) target groups at which most British theme parks are aimed. There will be more children under 15 – thus creating "a large market for families with young children," says Richards.

The study suggests that the already relatively high level of advertising expenditure to sustain visitor levels – estimated at about 40p per visitor, excluding below the line marketing promotions – will need to rise steadily if operators are to develop customer loyalty and increase repeat visits.

Operators will also have to continue investing in new attractions. Chessington World of Adventure's new Transylvania themed area, for example, opens this year at a cost of £8m.

"Inevitably, increased product and marketing spend will lead to higher admission charges," points out Richards. Although this may deter some visitors in the short-term, he suggests that previous experience has shown that supposed "psychological barriers" of higher prices do not last long.

UK Theme Parks, Tourism Research & Marketing, 324 Kennington Lane, London SE11 5HY. £95.

SIEMENS

U6873-J-Z91-1-F600 UNIX® is a registered trade mark of AT&T.

Now Office Communications can really blossom, thanks to the new WX 200 Workstation.

The new WX 200 Workstation puts you in the picture about what is happening within your organization.

Not only will the new WX 200 enhance the quality of your graphic information, but even more importantly it will enhance the quality of your office communications. For which of us is able to take in the wealth of computer data created within a large organization? Only a computer, to be precise this computer, can possibly do this. It extracts the facts from the mass of extraneous detail surrounding them, puts the relationships between these facts into visible form and speaks the language we all find most persuasive: the language of pictures. This means it can come up with the arguments vital to success throughout your organization, whether in management, technical office, marketing department or anywhere else.

Just what the WX 200 can do is revealed best in local networks. It can put together images based on information gleaned from PCs, from departmental computers and host machines, images which it then makes available to all these computers, wherever they may be within the organization. In this way it can supply its many users with, for example, technical drawings or overhead transparencies, or it can even be used to distribute your company newspaper – complete with professional standards of layout. And because your WX 200 conforms to the global UNIX® standards, you know your investment is secure for many years to come.

The conclusion?
Now office communications can really blossom. Thanks to the new WX 200.

Contact the data system section of your nearest Siemens subsidiary.

There's a Siemens Computer for every business.

ARTS

Joe Turner's Come and Gone

TRICYCLE THEATRE

Joe Turner is not the Iceman; he is not Godot. He is the brother of the Governor of Tennessee, notorious for seizing black men and clapping them into chain gangs. The year is 1911. Already he has assumed mythic status, the subject of sad songs of lament in the black community.

In this play by August Wilson, author of the National Theatre's *Ma Rainey's Black Bottom*, he looms symbolically over blighted hopes and stunted lives, the epitome of authority, arbitrary and unassailable, an harshly unloving god; and, more specifically, the white man who wants to deprive the black man of his identity.

"What have I got that he wants?" cries the ex-chain gang convict. "He just wants you to do his work for him," is one weary reply. But according to the mystic Bynum (a dash of voodoo, a touch of the seer) he wants the song inside each individual. "You've still got it. You just forgot how to sing it."

The winner of the 1988 New York Drama Critics' Circle Award is in fact three plays. The Pittsburgh boarding-house setting provides a picture of a bustling culture already suffering the tensions that come with sophisticated social cross-currents – the assimilated northern blacks uneasy before the southern immigrants. There is the study of sad individuals in search of emotional fulfilment. And finally there is the ostensible plot, the story of an ex-convict looking for his wife after seven years in prison and rediscovering his dignity in the process; a story disappointingly polished off in a long anti-climax of loose ends prosaically tidied up and eruptions of melodrama.

Throughout, the figure of Bynum moves as an other-worldly visionary, his roots deep in an older culture, with an almost magic gift for manipulating people.

The strength of Claude Purdy's production lies in its splendid performances. Louisiana-born, Minnesota-based, with experience in Paris, Senegal and Nigeria, Purdy has enjoyed a long association with Wilson's work and obviously knows how to inspire a company.

Designer Adriane Lobel's distinguished work ranges from *My One and Only* on Broadway to the forthcoming Glyndebourne *Zauberflöte* with Peter Sellars. Yet the combination, dare one say it, fails to disguise a good, old-fashioned, emotionally calculated commercial play. The different ingredients show when they should blend into something more cohesive.

None of which detracts from the acting. Tony Armatrading's questing stranger is best when permitted not to look distraught or wild (as he must at practically every entrance). Joseph Marcell's softly incantatory Bynum cannot quite avoid the impression of J.M. Barrie in the cotton-fields. And as the master of the household Al Matthews goes for easy, too easy, comedy.

But the minor roles are excellent: Dona Croll's brisk, kindly landlady, Chris Tajah's ebullient young worker, Yvonne Brannch's muted pain and longing as a deserted in search of her man, and Caroline Lee Johnson, breathing life into a character that veers between stereotyped siren and embryonic feminist.

Martin Hoyle

Too Late to Talk to Billy

ARTS THEATRE, BELFAST

Graham Reid's *Billy Plays* brought Belfast to the television screen in the 1980s not in its customary cladding of sectarian violence but as a dynastic soap opera centred around the Martins of Coolderry Street, a family whose wars are domestic and whose weapons are the whiskey bottle and well-targeted boot.

Here they are again to embrace the new decade, unreformed in character and, in James Ellis's atrociously self-indulgent production for Theatre Ulster, apparently oblivious to the fact that they have changed medium.

Too Late to Talk to Billy is an amalgam of the four Billy Plays into a meandering three hours of theatre which distinguishes itself only by its complete imperviousness to theatrical technique. The scenes keep up a relentless episodic struggle, their only cohesion coming from Rowel Friers' clever sprawling set, which uses the breadth of this civic stage to create a series of locations and the dark, dangerous alleys between them.

So we have the Coolderry Street parlour, where sister Lorna (Tracey Lynch) plays little mother; the bedsit where Billy (Peter Ferris) seeks refuge with his nurse girlfriend; the hospital where his mother dies and the home of Uncle Andy, a hawking, spitting bronchitic played, as on television, by Mark Mulholland.

What we do not have, except in a brief and incomprehensible opening dumb show not unlike the title sequence for a TV cop show, is a sustained sense of the Belfast that enfolds the family and informs their violence. On screen, the camera takes care of that.

The depressing thing is that, after sitting in the half empty Lyric to watch one of the world's theatrical masterpieces, Ibsen's *Ghosts*, the Arts Theatre was packed with people who laughed at the cutesy-pop piping of Billy's two little sisters, who thrilled as fist smacked palm in laughably unconvincing fight scenes, and who quivered as the lights dimmed and the violins struck up for the suicide of poor old Andy. Such is the power of television.

Claire Armitstead

Paul Newman as General Groves conferring with Dwight Schultz (Oppenheimer) in "Shadow Makers"

CINEMA

Fast and loose with the truth

"Ideas are community property!" declares atom bomb inventor J. Robert Oppenheimer (Dwight Schultz) to his secrecy-obsessed project boss General Groves (Paul Newman).

Indeed so. *Shadow Makers*, made in America by the British writer-director team of *The Killing Fields*, Bruce Robinson and Roland Joffe, not only argues that ideas are common property, it proves that history is fast becoming Hollywood property. We are still picking exploded half-facts out of our clothing after *Born On The Fourth Of July*. Now here is another movie playing fast and loose with 20th century truth.

Dramatising the story of the 1942 Manhattan Project, when a group of top US scientists gathered at Los Alamos, Nevada, to invent the ultimate secret weapon, Joffe and Robinson create a sprawling epic that never makes up its mind whether it is a docudrama or a modern myth. There are docudrama traces in the painstaking counting of days, the scientific detail, the doggedly over-respectful portrait of "Oppie" himself. (The thing that most needs an atom bomb placed near it is Dwight Schultz's performance.) There is myth-making in the insertion of a (wet) love interest between nurse Laura Dern and young boffin John Cusack, and in the hyperbolisation of the moral debate so that almost every character speaks either in ponderously virtuous bromides or in pantomime-polemic.

This last syndrome most afflicts Paul Newman. Newman made this film shoulder to shoulder with *Blaze* and is clearly moving in on the Historically Authentic Old Codger market. His General Groves is a rasping [illegible] anti-bomb [illegible] claims that he is helping to "give this nation the biggest stick in the playground" and generally behaves as the liveliest, most reprehensible thing in the movie.

Everything else around him is undone by the film-makers' funk. Backed into a corner by their political-aesthetic fastidiousness, they dare not give the "good guys" (like Communist-sympathising Oppenheimer or his patient, work-widowed wife Bonnie Bedelia) the same reckless passions as the "bad guys" (Newman). At the same time, they dare not let the audience go away without some muscular shoves towards the right way of thinking. (That is, the left way of thinking.)

Thus the fictional Cusack character is given a diary to provide voice-over narration and to plant the appropriate moral-scientific question marks. The Communist lobby is given a brief, frantic blood transfusion by Natasha Richardson, who emotes for about four minutes as Oppie's thrown-over Marxist mistress. And at movie's end a caption reads "200,000 people died as a result of the bombs being dropped:" a statement which sublimely disregards the no less meaningful question "How many would have died if the bombs had not been dropped?"

Shadow Makers is a classic example of a film whose over-made-up political mind results in a never-made-up aesthetic mind. Fact battles with fiction, simplification with complexity, polemic with fable. The film behaves like a man using sign language to give a fake obliquity to what everyone knows is really a party political broadcast.

★

Question: What film stars Michael Douglas, Kathleen Turner and Danny De Vito and yet is not a sequel to *Romancing The Stone*?

Answer: *The War Of The Roses*, whose makers must have been sorely tempted to title the film "Stoning The Romance." Plates fly, fists smash and unspeakable things are done to the fish course in a luxuriously appointed mansion in East Coast yuppie-land.

Yes, we are watching a marriage disintegrate. Mr Douglas, introduced as a hippy-haired youngster sweeping Miss Turner off her stilettoes and into bed in rosy-skied Nantucket, seems at first to be love's young dream. ("Never apologise for being multi-orgasmic" he considerately tells her). But as the years pass he is soon exchanging [illegible]. Life with the demanding, spiteful Miss T becomes too much – hell hath no fury like a ballbreaker married to man without any – and he suffers cardiac arrest. He recovers. But then things get worse.

Meanwhile a squat, spherical object with an insane smile watches all this and narrates. It is Danny De Vito, playing Miss Turner's divorce lawyer. Since Mr De V also directed the film (from a maliciously funny script by Michael Leeson), he has clearly cast himself as August Strindberg to this couple's dance of death.

The War Of The Roses came out at Christmas in America, punching a warmly appreciated fist into the reigning vogue for "family entertainment." It is to films like *Dad* and *Parenthood* what Tom Lehrer is to Andy Williams. Curmudgeonly viewers will complain that it is not as funny as its $80m box-office clean-up suggests; and, true, there are one or two longueurs when the film runs out of plates, cars and chins to smash and sits about, twiddling its knuckledusters.

But the funny moments are truly funny and Douglas and Turner put on their comic hats triumphantly. As for De Vito's direction: any film that begins with credit titles rolling over a landscape of lush snow-white cloth-folds, then reveals the cloth to be a handkerchief which Mr De Vito opens the film by blowing his nose into, wins all available prizes for impudent invention.

★

Please fill in this multiple-choice questionnaire. You have a free night in Seattle. You wander into a hotel cocktail lounge. You see a dinner-jacketed, slick-haired Jeff and Beau Bridges playing cheesy tunes on the piano.

Do you (a) Ask for their autographs, (b) Ask for the manager, or (c) Ask for a taxi? (Correct answers provided upside down on adjoining page).

If you were the beautiful Michelle Pfeiffer, you would, according to *The Fabulous Baker Boys*, hitch up your already daring mini-skirt and lend them your talents as a sultry chanteuse. The questions asked by this moody, portentous movie written and directed by Steve Kloves are: Will Miss Pfeiffer's sexual allure come between the hitherto devoted brothers? And if so, will she stay around long enough to save the Fab Two's piano act, which is so mediocre one gives silent thanks for the ban on the ivory trade.

Equally, will the audience stay around long enough to find out? Kloves's movie is a sort of *Ishtar* without the jokes. Since this slot has already been filled by *Ishtar* itself, one begs to venture that if the itinerant music-duo storyline failed as a comic script for Warren Beatty and Dustin Hoffman it will hardly succeed as a gloomy emotional drama for the Bridges siblings. Miss Pfeiffer's singing – her very own – provides the only moment at which you sit up and take note: astonished less at its being done well (though it is) than at its being done or dared at all by a "straight" actress. Her nerve has won her an Oscar nomination.

[illegible]

Renegades is an irresistibly daft action film. I counted only roughly, but I got the impression that more people were killed during its 100 minutes than during the whole of World War I. Maverick cop Kiefer Sutherland teams up with young Indian Lou Diamond Phillips to pursue a team of drug-dealers who have stolen the "sacred spear of Lakota." This last is what Hitchcock used to call a McGuffin: something totally meaningless designed to set the plot in motion.

"Motion" is an understatement. After a car chase that makes the one in *The French Connection* seem like a lady Eleanor's Sunday drive, we watch the serial destruction of a restaurant, a street market, a hair salon and other indispensable centres of American culture.

Heroes and villains exchange fire with every known weapon from pistols to pump-action shotguns. But rather than appalling us, it is all as surreal and inoffensive as a Chinese opera. You suspend your belief in scene one; you giggle happily through set-pieces like Phillips's gymnastic changing of subway trains and Sutherland's record recovery from a bullet in the stomach; and you end up collecting your credulity with your coat after the show. Jack Sholder directed, David Rich wrote the script.

Nigel Andrews

SHADOW MAKERS Roland Joffe
THE WAR OF THE ROSES Danny De Vito
THE FABULOUS BAKER BOYS Steve Kloves
RENEGADES Jack Sholder

Bach cantatas

QUEEN ELIZABETH HALL

When Stravinsky was asked whether there was any music which should, or could, count for us now as fundamental repertoire – the sort of thing which might regularly begin a concert (not Rossini or Weber overtures!) – he said: yes, Bach's cantatas. And surely that's right; Haydn is too specifically Rococo, Mozart and Beethoven too commandingly personal, everybody after them too period-Romantic (or period post-Romantic). Bach's cantatas, even more than his purely instrumental pieces, really do define the broad terms of subsequent Western music – purposefully directed harmony, and calculated formal variety which makes room for ingenious, self-conscious structures, but also for importunate lyrical expression and the charms of instrumental colour.

In practice, the economics of modern concerts forbid introducing Bach cantatas except when the chorus is needed for something more expansive later. Most of the performing groups who keep the cantatas alive on the South Bank draw pretty specialised audiences, rarely of the size John Eliot Gardiner attracted on Tuesday with his Monteverdi Choir and his English Baroque Soloists; nowadays the charms of "authenticity" are potent. We heard two of the most-loved cantatas, and between them the imperishable Trio Sonata from *A Musical Offering*. They made a delightful programme, but we (and Bach) were owed more.

The Trio Sonata, on "period" instruments, can be reported briefly: it sounded (as best one could tell) thoroughly stylish – and as if played in the next-room-but-one. In Bach's time, no ensemble so soft-grained would have performed for a QEH-sized audience; here the music seemed to have no size; an impression which any domestic performance would dispel. Before that, Gardiner conducted *Herz und Mund und Tat und Leben*, Cantata BWV 147 (for the Feast of the Annunciation), with the utmost lightness and dispatch. At the close of each half, the "Jesu, Joy of Man's Desiring" chorale (written in compound triple-time) tripped along at a speedy, weightless one-in-a-bar; and the opening movement had been so swift as to fox both the chorus and the brave period-trumpet.

Were we supposed to believe that Bach was counting upon a virtuoso level beyond the reach of Gardiner's specialist team? and why was the specific gravity so low? For those of us who are Lutheran at heart, the fervour of the message seemed to be relegated to decorative status, and the force of the music to dwindle in proportion. In the rapt tenor recitative Anthony Rolfe Johnson indulged an expressive swell-and-fade on every long note, though his later aria was modelled much more firmly.

Among the other soloists Ruth Holton made a superlatively assured boy-treble (a favourite Early Music type), and Stephen Varcoe used his light, flexible baritone to good purpose; but it was the counter-tenor Michael Chance who best combined period elegance with direct, poignant expression. One expected to miss him sorely in the cantata *Wachet auf*, BWV 140. In fact Gardiner treated the choral movements quite deliberately, to bracing effect, and in their duets Holton and Varcoe set aside any chaste pretence of being Soul-and-divine-Bridegroom in favour of representing a happily earthbound bridal pair. *That*, at last, sounded like authentic Bach.

David Murray

La vida breve

GUILDHALL SCHOOL

Falla's only opera (1905), full of wonderfully colourful music, misshapen and static as lyric theatre, is a bold choice of opera for the latest Guildhall enterprise. The difficulties of bringing it to life must be doubled for students – playing Latins in the grip of elemental passion never comes easily to young opera-singers (Anglo-Saxon ones especially). [illegible] drama and its scenic admixture of Spanish folk-dance have been confronted.

The success of this production, by Stephen Medcalf (sung in Geoffrey Dunn's translation), is therefore particularly heartening. The opera is presented in hot, strong colours, and in a series of stark tableaux worked by the rise and fall of screens. Groupings are stylised, side-lit, angled to squeeze out the maximum play of contrasts – and gauged to the abilities of the students (impressive young dance-troupe included) with cunning and skill.

The production falls down a little, as does the music, in those patches where the "Spanish" Falla gives way to a hash-up of verismo elements from *Louise* and *Cavalleria rusticana*, or to over-extended atmospheric mood-pieces replete with offstage voice-calls *à la* Bellini. (The acoustics of the school theatre are really too close and airless to carry such intricate scoring effectively.) But the overall grasp of style and subject-matter seems strikingly sure and convinced: the sweep of the production, and of the student-orchestral playing under David Lloyd-Jones, answers all passing doubts and stylistic hesitancies.

The soprano who plays the gypsy heroine Salud faces the hardest task of all, since the opera has only one character of any interest – and even she is feebly motivated. Simone Sauphanor, Salud in two of the four scheduled performances, possesses a promisingly bright, agile voice particularly clean and confident in upper ranges (and still a bit shallow-toned lower down). She brings touching natural dignity to the role, but also some physical stiffness: the clinches with Jan Stromberg's honestly sung but unlikely-looking Paco (who badly needs more and better make-up) rate among the evening's less cogently achieved moments.

All in all, though, a piece worth doing and worthily done. *La vida breve*, a short two-acter, is here preceded by Ibert's *Angélique*, an incomprehensible choice. It is musically witless; worse, it is racist, sexist, and utterly distasteful. What on earth is the Guildhall up to, foisting this piece of garbage on its students? For the remaining three performance, wise patrons would do well to arrive at the interval.

Max Loppert

ARTS GUIDE

March 2-8

EXHIBITIONS

London

The Tate Gallery. The entire permanent collection has been rehung so that the visitor may now take a natural circuit through the newly restored galleries, from 16th century British painting through to the most recent of modern international art. It is a curatorial triumph. **The Tate Gallery.** Joseph Wright of Derby – a full study of the work of one of England's most distinctive painters of the 18th century, yet one, like his close contemporary George Stubbs, too often dismissed as a mere provincial. Daily until April 22, except Bank Holidays; sponsored by The British Land Company. **The Barbican.** Scottish Art Since 1900 – a brisk and effective celebration of what has always been a most vigorous and distinctive national school, yet one which has for far too long been not so much under-rated as under-known in the southern Kingdom. There are still gaps and over-rapid transitions, but the show nevertheless makes its point very well. Daily until April 16. **The Royal Academy:** Frans Hals – the great retrospective, already shown in Washington and due to go on to Haarlem, of the work of one of the greatest painters of the 17th century Dutch school. Master of the portrait, he was all but forgotten for 200 years after his death in 1666, and he remains an enigmatic and controversial figure. Until April 8.

Paris

Grand Palais. Soliman Le Magnifique. A treasure trove of goldsmiths' work, miniatures, ceramics and textiles recalls the splendour of the reign of Soliman "the shadow of god on earth", whose Ottoman Empire stretched in the 16th century from the Caucasus to the gates of Vienna and from Algeria to the Persian Gulf. Closed Tue, Wed late closing, ends May 14 (42895410). **Institut du Monde Arabe.** Egypt-Egypt. An exhibition of 25 chef-d'oeuvres, including the most recent finds, starts with statues and bas-reliefs dating from the middle-empire, continues with a golden crown of a high priest of Osiris with some elements of Roman art and Coptic icons and concludes with Islamic exhibits. 1, rue des Fosses-Saint-Bernard (closed Mon). Ends March 18 (40513838). **Musee d'Orsay.** The Fragmented Body. Parts of the human body, or the incomplete body form the leading strand of an exhibition beginning with ex-votos and reliquaries and culminating in celebration of Degas, Bourdelle, Maillol and especially of Rodin with his masterly transition from realistic to abstract sculpture. Ends June 3, closed Mon, entrance Quai Anatole France (40494814). **Centre Georges Pompidou.** Pavel Nikolaievitch Filonov. A solitary figure of the Russian avant-garde, he refuses cubism and futurism as contrary to nature's – and art's – organic development. "Every atom" of the surface of the 50 paintings and 150 drawings is given intense attention and speaks in the light of idyllic harmony in cruel contrast to his own destiny. Closed Tue, ends April 30 (42771233). **Musee Carnavalet.** Antique bronzes. Some 400 statuettes bring to life the Gallo-Roman world up to the 5th century. They are grouped in glass-cases around a divinity accompanied by objects of the appropriate cult. Closed Mon, ends July 1 (42722113).

Brussels

Archives Générale du Royaume, Grand Sablon, commemorates Belgium's short-lived declaration of independence from the Austrian Empire and the subsequent power struggle between France and Austria for control of Belgium. Daily, closed Sunday, ends 31 March. **Musees Royaux D'Art et D'Histoire.** The Enigma of the Easter Islands is partially deciphered in this exhibition of photographs and artifacts. Closed Monday ends April 29.

Antwerp

Koninklijk Museum voor Schone Kunsten. Belgian Painters of Country Life. Closed Monday, ends April 22. **Provincial Museum Voor Fotografie.** Works of the British 19th Century photographer William Henry Fox Talbot. Closed Monday ends April 1.

Venice

Palazzo Grassi. Andy Warhol Retrospective. 250 works from the major exhibition organised by Kynaston McShine for the Moma in New York last spring, to which have been added about a dozen from private Italian collections. Until May 27.

Milan

Castello Sforzesco. Henry Moore retrospective. 48 sculptures covering the years 1926-1982. Ends March 25.

Madrid

Centro de Arte Reina Sofia. Antonio Saura. 70 works by the Spanish artist painted between 1956 and 1985. Ends March 19. Juan Woodner collection of works by Odilon Redon. A very complete exhibition consisting of some 100 works in various media, illustrating the different aspects of the French symbolist painter's work. Ends April 1. **Museo del Prado.** Following the highly successful Velazquez exhibition at the Metropolitan, the Prado is now host to the largest show to date of works by the great 17th century artist. Ends March 25.

Barcelona

Palacio Tinel. Baroque Painting in the Mediterranean. The Italo-Spanish festival brings together sixty 17th century works belonging to Spain and Italy. Velazquez, Murillo, Rubens, Van Dyck, Claudio Coello, Testa, Cavallino are but some of the great artists whose works can be admired. Ends March 30.

Mainz

Landesmuseum. Marc Chagall (1889-1985), who died in 1985 was one of the most popular artists of the 20th century. Around 100 of his works, not shown in public before are to be only seen in Mainz until April 22. The gouaches, water-colours, pastels and paintings present themes of the old testament.

Vienna

Kunstforum. Works by the Romantics, ranging from Caspar David Friedrich to Adolph Menzel. **Museum fuer Voelkerkunde** has a marvellously exotic exhibition called Jemen, focusing on the world around the Queen of Sheba. Ends June 10.

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15. **Centre for International Contemporary Arts.** Large-scale works in pastel and compressed charcoal by 31-year-old British artist David Oliphant, is the first of a series of four shows of young British artists slated for this new, well-received arts institution. Ends April 21. **Museum of Modern Art.** In its serious, thorough way the museum gives its version of the history of photography, showing off earlier image-developing techniques along with 275 photographs. Ends May 29.

Washington

National Gallery. Highlighting this decade's renewed interest in printmaking in America, the 200 prints comprise a special exhibit borrowed from the collection of Joshua P. Smith, among them works from major contemporary artists including Jasper Johns, Richard Diebenkorn and Alex Katz. Ends April 8.

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhibition A House Divided: America in the Age of Lincoln, with documents, mementoes and personal effects of the Great Emancipator. **Art Institute.** Yoruba art covering 900 years is the subject of this ambitious exhibition, which traces the Nigerian tribe's views of the origins of the universe in the 12th century to the carvings of contemporary artist Olowe of Ise. Ends April 1.

Tokyo

Suntory Museum. Mission to Rome. In the early 17th century a feudal lord from northern Japan despatched a mission to the Pope asking Christian missionaries to come to Japan. This fascinating exhibition documents the failure of the delegation and the subsequent ban on Christianity that was to last over 200 years. Closed Tuesday, ends March 11: **Tobu Museum.** German Romantics. Loan exhibition from Dusseldorf – stronger on mid-19th century academic painters than on visionaries such as Friedrich and Bocklin. This museum is a former palace and has a superb art deco interior and a pleasant garden for strolling in. Closed Wednesday.

SALEROOM

Owl jug flies home

Last Sunday afternoon the many million viewers of the Antiques Roadshow on BBC television would have seen the ceramics expert Henry Sandon salivating over a Staffordshire slipware jug and cover in the shape of an owl. It is very early 18th century and very rare: only ten others have survived.

Sandon's son John is the ceramics expert at Phillips so there was little surprise that this auction room should offer it yesterday. It sold for £20,900, at the bottom of the estimate, but still a pleasant surprise for its owner who had used it as a flower pot. The jug, 18.5 cm high, and in surprisingly good condition, was bought on behalf of the Stoke-on-Trent Museum so this particular bird will fly home.

Another bird jug and cover of the same period which by chance appeared in the same auction was bought by Alastair Sampson for £9,240. The morning session did well at £160,556, with 6 per cent unsold.

Christie's held one of the most successful silver auctions in its history yesterday, not so much in terms of total but in the strength of demand. It totalled £1,278,651, as against a high estimate of £800,000, with only 2 per cent unsold. Many of the lots were fresh on the market and dealers were obviously re-stocking after the recent Silver Fair in London. There might also be some hedging against a rise in inflation. Most of the buying was British, and from dealers.

Top price was the £165,000 (top estimate £80,000) paid for a set of George III silver gilt candlesticks made in 1791 by John Scofield. An identical set is on loan to the V & A and Christie's suggests a royal provenance. Koopman paid £159,500, also double estimate, for a pair of George III silver gilt two handled wine coolers and stands by Benjamin Smith, 1807, with the Gordon-Lennox arms.

A pair of Charles II silver gilt vases and covers, which had belonged to Joseph Addison, founder of *The Spectator*, was bought by Schroder for £132,000 (top estimate £60,000). They were produced around 1670 by Thomas Jenkins. A gold cup and cover, presented in 1800 by English officers to the British Envoy in Goa, who had obviously served them well, went to Armitage for £104,500.

An Ottoman prayer rug of around 1600, 5ft 2ins by 3ft 11 ins, sold at Sotheby's for £143,000, treble its estimate. Among second division modern British pictures "Low tide Concarneau" by William Leech, did best, making £28,400 to Pym against a £3,000 top estimate.

Antony Thorncroft

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700
Thursday March 8 1990

Think again, Mr Ridley

PUTTING A GLOSS on statements made in the heat of a takeover battle is one thing; wholesale deception quite another. What emerges with the utmost clarity from the long delayed Department of Trade inspectors' report on the takeover of House of Fraser in 1985 is that the Egyptian-born Fayed brothers who now own Harrods lied persistently about their wealth and background.

Given that the Government itself was thoroughly duped in the course of the bid, the decision by Trade Secretary Mr Nicholas Ridley to rule out any action against the perpetrators of this deception is astonishingly complacent. For the real issue here is not the ownership of a stores group but public confidence in the business and financial system. The reluctance of Mr Ridley's predecessors to acknowledge the case for an investigation until just before the last election was odd enough. But the notion that the Government is content to permit a company which employs thousands to change hands in a £615m transaction on the basis of wholly false information seems scarcely credible.

The dishonest representations in this case were not casual or throwaway remarks. They appeared in formal bid documents and submissions to the Office of Fair Trading (OFT). They were given immense credibility by the readiness of a leading merchant bank, Kleinwort Benson, and City solicitors Herbert Smith, to act for the Fayed brothers. Both the then Trade Secretary Mr Norman Tebbit and the OFT placed great reliance on the advisers' apparent backing for the Fayeds. Yet the inspectors concluded that the advisers made inadequate inquiries into Mohamed Fayed's colourful background.

Trust system

Kleinwort's justification was that the City operated on the basis of trust. That may have been true up to a point, but the Fayeds had risen without trace. Even in 1985 the claim by a Kleinwort director that these hitherto obscure entrepreneurs were multi-billionaires looked strange. As an operating principle in today's global markets, such an attitude is untenable.

For its part Herbert Smith declared at the time that it believed its client to be trustworthy and reliable. The inspectors quote a senior partner providing an assurance during the bid that "Herbert Smith does not take on cases that do not hold water." Yet the firm subsequently defended itself by pointing out that it expressly declined to give any assurance, imprimatur or endorsement to the factual matters contained in the submission made to the OFT. The OFT was left with a quite different impression. And it surely deserved better than this: the City's reputation rests on higher standards than the advisers in this case have been prepared to acknowledge.

Wide deception

No regulatory system can be proof against outright attempts to flout the rules. But when deception is uncovered on the scale apparent in the House of Fraser case, action is called for. The problem is that censure by the Takeover Panel will scarcely cause the Fayeds to lose sleep. The Director of Public Prosecutions and Serious Fraud Office have concluded that there is no hope of a successful prosecution. And Mr Ridley appears as unbothered about the deception here as he is about insider dealing elsewhere.

Use of the Government's powers to disqualify the Fayeds from holding directorships may not be a very effective sanction while they continue to own House of Fraser. But it would at least demonstrate that the Government does not condone their behaviour. The case for excluding Kleinwort Benson and Herbert Smith from involvement in future privatisations also merits consideration.

But to say, as Mr Ridley has done, that it is up to people who read the report to reach their own conclusions is to invite an obvious rejoinder. They may well decide that the government sees no public interest in the honest conduct of business affairs in Britain and express their aversion for this careless attitude at the ballot box.

The path to Gemu

If one adds West to East Germany, will one have an economic superpower in the heart of Europe or a wealthy country kept back by the need to support an invalid sibling? The answer depends on how unification is achieved.

It is now widely accepted that a rapid economic takeover of East by West Germany is inescapable. With a continuing outpouring of its most energetic people, East Germany has been bleeding to death. In January alone, 63,000 people left East Germany (a rate of 750,000 a year). Meanwhile, West Germany is experiencing a growing political backlash against the newcomers.

As a way of dealing with this problem, the conversion of East German savings into D-Marks is less essential than sometimes suggested. If anything, the higher the D-Mark value placed upon their savings, the easier it will be for East Germans to depart. Moreover, there are dangers involved, such as inflation in West Germany and widespread bankruptcy in East Germany, especially if a high rate of exchange for the East German Mark is chosen.

Fortunately, these risks tend to be exaggerated. Even if East German cash and savings balances were converted one-for-one there would be an increase in the D-Mark denominated broad money supply of around 15 per cent. This would not imply a corresponding increase in demand for West German production and a part of the conversion could easily be into illiquid instruments.

Converted

Equally, a part (or even all) of the debts of the Kombinate to the East German banking system might be converted into equity and sold to both East and West Germans (with the former using some of their newly acquired D-Marks for the purpose). In addition, the public debt of East Germany, plus some portion of the enterprise debt, would presumably be added to the public debt of West Germany (or rather unified Germany). The higher the value put on the East German Mark, the larger the cost to the West German taxpayer of this transfer.

The fundamental issue is not monetary conversion, however, but how the real economy is to operate. Monetary reform must go with the liberalisation of the East German economy. This form of words conceals an agonising process: people that have no experience of the market economy will be forced to change all their spots.

Limited effect

From this long term point of view, it is the real not the nominal conversion rate that matters. The effect of any nominal conversion rate on the real rate of exchange will also be strictly limited, since the real wage in East Germany cannot be very different from what it is in West Germany, at least for those people who have a good chance of finding jobs in the West.

Most important, East Germany must not be loaded with West German costs, especially those of the West German welfare system. Following monetary conversion, the special incentives that attract East Germans to the West should be withdrawn. In addition, unemployment and other benefits in East Germany must be set in relation to East German incomes. Thereupon, market forces will generate a desirable increase in wage differentials in East Germany.

This alone will create a powerful incentive to locate production that is relatively intensive in the use of unskilled labour within East Germany. While market forces must be allowed to drive East German development in this way, the public sector will also have to make large investments in East German infrastructure (quite apart from paying for monetary conversion).

German economic and monetary union should be an economic blessing for both Germany and Europe. But two points must be remembered: first, what matters most is not monetary unification but the terms of economic union; secondly, success will only follow from reliance on the market forces that created the postwar West German "miracle". Development over many years is needed to bring East Germany up to the West German income level; a legislative attempt to raise East German social protection to West German levels would ensure that this never happens.

Kenneth Gooding reports on smuggling from Brazil

Adventures in the tin trade

Brazil's federal police recently arrested the drivers of several trucks loaded with ore at Guraja-Mirim on the border with Bolivia. The ore did not contain gold, but tin.

Large-scale smuggling has come back to the tin industry. Jose Altino Machado, organiser of Brazil's wildcat miners, the *garimpeiros*, claims that 500 tonnes a month of tin ore masquerading as wolframite or manganese are being smuggled out of Brazil's ports.

As a consequence of the Brazilian smuggling, the world price of tin has crashed again to a level at which many mines are selling below their cost of production. Once again cries of anguish from producers can be heard across the world.

In Malaysia some of the tin dredges have been shut down. In Cornwall, all 122 miners at the Geevor tin mine have been laid off while Carnon Consolidated, which owns the other two remaining Cornish tin mines, has cut its workforce by 90 and reduced both output and capital expenditure.

The huge flow of smuggled tin from Brazil is making a mockery of the major producers' attempts to bring supply and demand back into balance by restricting exports.

But the miners who hew the rock 3,000 feet down Carnon's Wheal Jane mine in temperatures above 38 degrees C (100 F), ankle deep in slurry, complain that it cannot be just coincidence that the present slump in the tin price coincides almost exactly with the re-start of tin trading on the London Metal Exchange (LME) last June after a three-year break.

Such is the LME's domination of non-ferrous metal futures trading that tin contracts world-wide are based on its prices. You can hardly blame the Cornish miners for having visions of LME traders in their comfortable offices in the City manipulating the tin price for their own profit and at the expense of those who sweat to win the metal.

That, says Clem Danin, of Charles Davis (Metal Brokers) and chairman of the LME's tin committee, is like blaming the thermometer when you have a fever.

A great deal of the smuggled tin comes from the notorious Bom Futuro (or Good Future) mine in Brazil's Amazonian jungle where there are still daily knifings and shoot-outs among the 45,000 hard-drinking, low-living wildcat miners. The authorities find it impossible to control these *garimpeiros* who work low cost, high grade, easy-to-extract cassiterite – which contains about 50 per cent tin metal.

The *garimpeiros* have been working Bom Futuro since 1987 and the recent upsurge in smuggling has been stimulated by Brazil's two-tier currency arrangements. A trader in tin for official export must have a licence and pay for the metal at the official exchange rate.

However, according to Robert Goldsobel, of RMT Metals and a trader who has made several recent visits to Brazil, it is legally possible to buy Brazilian currency at the so-called "tourist rate" which adds brings you 100 to 150 per cent more cruzados for your the US dollar than the official rate. The *garimpeiros* charge a cruzado price for their metal not far below LME's (translating at official exchange rates) but a buyer using cut-price cruzados gets half-price tin.

Of course, this tin must be smuggled out if the buyer is to make a profit. Smuggling is a criminal offence in Brazil but Bom Futuro is not very far from the Bolivian border and the authorities find it just as difficult to police the dense jungle frontiers as to control the *garimpeiros*.

Brazil is now the world's major tin producer. According to Brazil's National Department of Mineral Production, official output last year was about 50,000 tonnes. It admits that an additional 5,000 tonnes was smuggled abroad.

Much of the smuggled cassiterite goes to Bolivia or Peru and is passed on to smelters in South America and Europe.

Smuggling is a threat to the rest of industry because, although tin consumption is showing healthy growth – about 5 per cent a year – it is not rising fast enough to absorb surplus stocks and new production of the metal.

In the early 1980s smuggling was rampant, mainly in south east Asia, and it fed a supply surplus which eventually resulted in the collapse of the tin market in October 1985 when the International Tin Council (ITC) ran out of funds to support the price.

About 120,000 tonnes of tin was left in stocks, enough to keep consumers satisfied for nine months; it depressed the price for more than three years. However, in March 1987 the Association of Tin Producing Countries (ATPC), which represents all the major producers except Brazil and China, introduced an export quota system which whittled away stockpiles.

Last year reported stocks were only 25,000 tonnes, or six weeks of current usage. The tin price started to rise rapidly. From $7,200 a tonne at the end of 1988, it reached a peak of $10,700 in April.

When tin trading re-started on the LME in June the price stayed high for a time but then started to drift steadily downwards. The price crumbled this year after it was revealed that the producers had lost control and western world stocks were on the rise again. They currently stand at about 36,000 tonnes.

Peter Bonner of Anglo Chemical suggests that, if the market was ever manipulated, it was by producers during the period immediately before LME trading started again. "We traders made more money when there was no LME because there was more mystery surrounding the market."

Philip Crowson, chief economist at the RTZ Corporation, points out that tin prices have fallen to a level that puts producers under real strain even though they have cut costs enormously in the past decade. The marginal producers in 1985 had cash production costs of up to $13 a lb. By 1988 that had been reduced to below $7 and today the marginal cash cost is $3.50 to $4 a lb.

The Cornish mines reckon they need a price of about $8,000 a tonne, or $3.60 a lb, to break even. "So they are never going to do much better than break-even," says Crowson.

Clem Danin believes the industry has only itself to blame for its current tribulations. "For more than 30 years before the 1985 collapse of the International Tin Council, producers and consumers were artificially buoying up tin prices one way or another. One result was that the high-cost Cornish, Canadian and Malaysian mines remain in business while Brazil, which was a negligible producer in the early 1980s, was encouraged to pull out all the stops to increase production quickly. Meanwhile, demand was weakened by substitution of other metals – such as aluminium in cans.

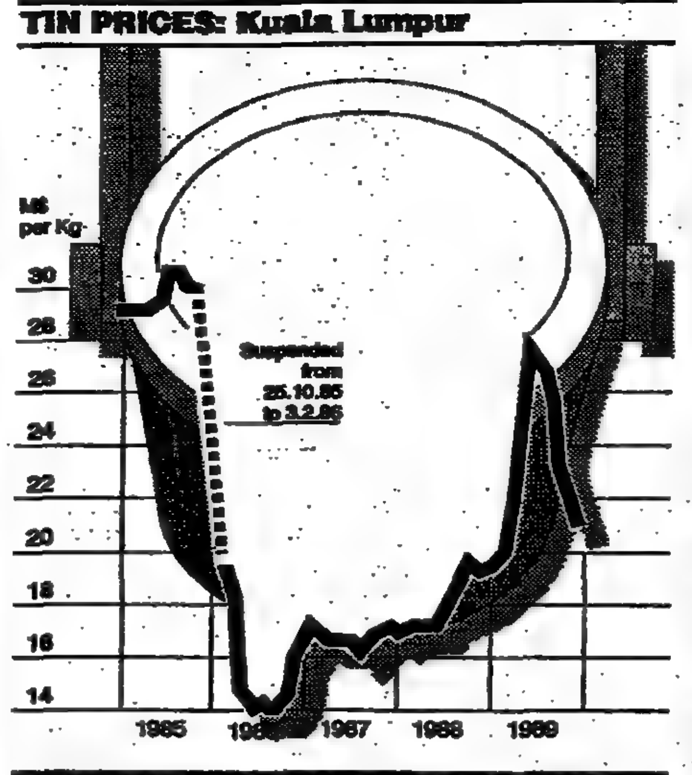
Although tin is one of the oldest metals known to mankind, it remains an important international commodity. Some 70 per cent of production comes from four developing countries: Brazil (25 per cent), Malaysia (20 per cent), Indonesia (20 per cent) and Thailand (8 per cent). The big consumers, accounting for about 75 per cent of demand, are the industrialised countries: western Europe (30 per cent), the US (25 per cent) and Japan (20 per cent).

The consumers use it for tin-plate for packaging, for solder, and as a chemical in a wide variety of materials.

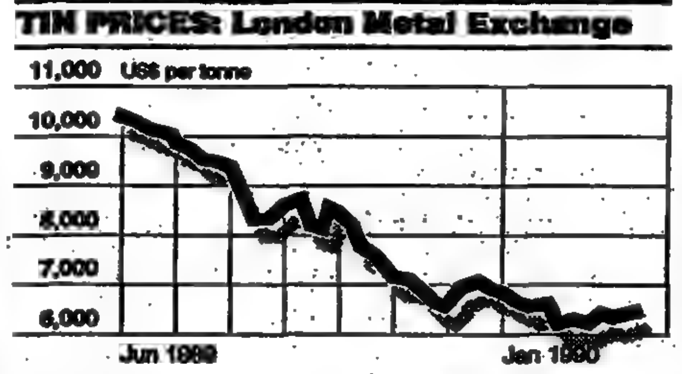
If producers could regain control and get stocks down the industry faces a healthy future even if annual demand growth drops below the current 5 per cent. But that means the smuggling from Brazil must be reduced substantially.

Robert Goldsobel of RMT believes that that might not take too long. Brazil's new president takes office on March 15 and is expected to take early action to devalue the cruzado. Mr Goldsobel says: "If the premium between the tourist rate and the official rate comes down to 20 to 40 per cent, smuggling won't exist any more."

TIN PRICES: Kuala Lumpur



TIN PRICES: London Metal Exchange



BOOK REVIEW

Ghosts of Germany past

Documents on British Policy Overseas, Series I Volume V. Germany and Western Europe 11 August-31 December 1945.
HMSO for Foreign and Commonwealth Office. 596 pages. £53

The Foreign Office has chosen an appropriate moment for the issue of this expertly edited collection of documents on British policy towards Europe in the last few months of 1945. As we enter the early stages of German reunion it is useful to be reminded of those early stages in its division when it was still hoped that economic unity could be preserved under the administration of the four occupying powers.

As it soon proved, this was an illusion. The pass had already been sold at Potsdam, even though the Treaty called for German unity. The Russians had been given clearance to take reparations freely from their own zone, now East Germany, and were hard at work removing capital equipment, until, tired of that, they organised current deliveries from German factories instead.

Over the first 10 post-war years, they took something like the $10bn they had claimed as reparations at Yalta. East Germany went on to become the richest part of Communist Europe; but after Potsdam it was no longer part of Germany's economy, able to trade with the rest of the country.

The illusion, however, lingered on. German economic unity within the frontiers agreed at Potsdam was a basic assumption in the long arguments over reparations during the winter of 1945-46; and even when the arguments were over, Britain's acquiescence in the reparations plan in the spring of 1946 was contingent on the preservation of German economic unity.

East Germany was in a sense a British invention. It came into existence, not because of a deliberate policy of dismemberment – that had been rejected by the Allies shortly after Yalta – but because the British had proposed to confine the occupying armies in separate zones, administered independently.

It is arguable that no other solution would have worked. Exactly as the "young Turks" attached to the British chiefs of staff had argued in 1944, the USSR was not prepared to abandon a grip on Germany that provided security and the prospect of participation in the government of the rest of the country; while the western Allies were set on retaining influence on as much of Germany as possible.

If economic unity was an illusion, reparations from the western zones were debated in a world of pure fantasy. The trivial amounts that the tremendous disagreement was about was likely to be over the size of the average egg laid by a Balkan hen as over Germany's future requirements for steel.

Reparations were only one aspect of policy – dominated in all countries by fear of German recovery and yet another world war. In deciding British policy Bevin had to cope with the uncertainties of American intentions – the doubts as to how long their troops would remain in Europe, the wide differences between General Clay in Berlin and the State Department in Washington – and also the fears of the French: their efforts to detach the Rhineland and the Ruhr from Germany, their opposition to any moves to develop a central administration in Berlin, their hopes of building up in France the industries they voted to destroy in Berlin. The French might be difficult partners, but where else could Britain find in Europe the ally needed if left to face the USSR alone?

As one makes one's way through the documents in this volume, one is struck by the desperate state to which much of Europe had been reduced. Millions had to leave their homes, or were prisoners of war, or were on the move from one country to another, or in camps. The transport system had broken down and the entire capital stock was in urgent need of renovation. There were many shortages, aggravated a year or so later by a shortage of dollars.

In facing these problems, Britain was in a false position. The least European of the countries of western Europe in economic and cultural ties, it was also lacking in the resources necessary for leadership. Yet it was obliged to discharge the responsibilities of a superpower and for that purpose spent most of the months covered by this volume in trying to supplement its resources by borrowing on an enormous scale from North America.

Now in 1990, we are faced again with what might once have been regarded as the spectre of German unity. But in the meantime fear of German militarism has given way to a passion for European unity which has so far subdued anxieties in the face of another kind of German domination. The union of the two Germanies presents technical and political difficulties.

But these difficulties, however great, are less formidable than those attending the union of economies on a continental scale. Can the European Community, having come thus far, close the door for ever on eastern Europe or, dare one suggest it, the USSR?

Sir Alec Cairncross

The reviewer was a member of the Economic Advisory Panel in Berlin from 1945 to 1946.

OBSERVER

Paradox of Merseyside

■ Merseyside is making yet another attempt to improve its image. A three-year image campaign costing over £600,000, backed by the county's five local authorities as well as central government, will be launched today. It might as well be called the paradoxes of Merseyside, for the good news continues to vie with the bad.

The bulk of Merseyside's 1.5m people are law-abiding, non-striking folk who live in mile after mile of well-tended suburbia. The smarter parts of the boroughs of Wirral and Sefton offer a quality of life as good as anywhere, with seaside views thrown in. Yet the area as a whole maintains its reputation for bad labour relations, factional politics, interracial strife and general Scouse bloody-mindedness.

Merseyside is one of nature's "good news-bad news" places. At its best it excels: witness Liverpool and Everton playing football. Yet there is also a perverse pleasure at being the best at being the worst.

The paradoxes abound. There is a shortage of skilled white collar workers, but a seemingly untrainable lump of jobless labourers who still number nearly one in five of the male workforce. Last year the dockers were first out and last back in the dispute over "jobs-for-life". This week the ambulance crews have continued to strike. The Militant Tendency remains rooted in local politics.

Yet General Motors is putting up to £200m of engine plant into Ellesmere Port, GM's Delco plant in Kirkby goes on turning out electronic and other components for almost every car made in the world, and Ford has invested similarly in Halewood.

Even the Government has written off £111m of debt at Mersey Docks to set the company free to do well, as its results yesterday suggest that it will.

Will an image campaign make any difference?

Blackballing

■ Stories keep appearing about people being blackballed at London clubs. I find them very odd for two reasons. One is that, on the whole, members do not leak what happens inside a club. The other is that if a candidate up for election is not going to make it, the process is almost invariably stopped before blackballing takes place. Either the candidacy is allowed to peter out for lack of support, or the chairman has a word with the proposer and seconder. So I do not think that stories about people being blackballed should necessarily be believed. Unless it is like those Indians who were reputed to attach to their names MA Cantab (failed). Perhaps there is a certain kudos in putting it around that you were blackballed by a London club.

Old hat

■ The report on the House of Fraser contains a strange statement on its second page. "First published in 1988", it says categorically. Pity we missed it first time round.

Northern lights

■ There is a touch of nostalgia in the first public share issue due to be floated this spring by Northern Stores of Winnipeg. Northern's 175 retail outlets include some of the remote trading posts in the empire set up by the Hudson's Bay Company to collect furs from local Indians and Eskimos under a charter granted by King Charles II in 1670.

Hudson's Bay, whose business now consists mainly of department stores in southern Canada, sold Northern in 1987. In advance of the share issue, Northern will change its name to North West Company, a move that will steep it even deeper in Canadian history.

The original North West Company was a Montreal-based group of pioneers who vied with The Bay for almost a century for control of the North American fur trade before being absorbed by its rival in 1821.

Most of the northern stores are now similar to supermarkets, and some – like one on Baffin Island – are big enough to qualify as mini-shopping malls. In contrast to the tough Orkneymen who pioneered the fur trade, Northern Stores' present head was recruited last year from a leading Toronto-based automotive retailer. But the company's managers still buy pelts from native hunters.

Anyone buying shares in Northern Stores will be in good company. Sir Martin Jacomb, chairman of Barclays de Zoete Wedd, has been a shareholder in the company – in a personal capacity – for some years: "I bought the shares because I like that part of Canada and Eskimo culture," Jacomb said yesterday.

Appropriately, the share issue will be underwritten by Wood Gundy, Canada's most venerable securities firm.

"If this is Thursday, it must be Basingstoke."

Rolling on

■ From yesterday's Financial Times: "Company Director aged 45 would like to hear from go-ahead companies who can demonstrate real growth. Highly motivated, hard-working and successful, having spent many years with my present employers in a financial roll..."

Speak English

■ Europe Brussels International – a non-party political, multi-cultural organisation launched yesterday to boost the role of Brussels in Europe – wants to establish English as the city's third language "on an equal footing with French and Dutch".

Besides helping the estimated 25 per cent of the population which is non-Belgian, the idea might even appeal to linguistically sensitive locals. As anyone who has lived in Brussels will confirm, the average Flemish shopkeeper is reluctant to be heard talking French, but is quite happy to chat to customers in usually respectable English.

In fact, English already is unofficially the third language in Brussels. In the Kingdom as a whole, there are three official languages: French, Dutch and German – to allow for the tiny community of German-speakers on its eastern border.

Tory gloom

■ Heard in a Tory constituency: "I think he would like to resign too, but he doesn't have the sort of family he would like to spend more time with."

Richard von Weizsäcker, President of the Federal Republic, talks to David Marsh

Calming the German frenzy

In the gladiatorial debate over German unification, Mr Richard von Weizsäcker, the West German President, is striving to project the measured tones of the pulpit above the roar of the arena.

During six years as the head of the West German state – a constitutional position which gives the incumbent authority, but no real political power – Mr von Weizsäcker has become, with elegance and effectiveness, the conscience of the nation.

One year into his second five-year term, he is also unusually popular – both east and west of the Elbe. He is a liberal conservative who is a somewhat dissident member of Chancellor Helmut Kohl's Christian Democratic Union (CDU). Perhaps because Mr von Weizsäcker is almost universally favoured as the future head of a single German state, he has so far held back from the debate about German unification, increasingly frenzied ahead of East Germany's first free elections on March 18.

On Tuesday, however, the President chose to intervene. In an interview with the Financial Times and three other foreign newspapers, he spoke out against the "very escalated debate" in the Federal Republic over unity with the East. He warned against "one-sided economic pressure" driving forward the pace of unification.

'One-sided economic pressures undermine the need for understanding and equality between the two German states'

Mr von Weizsäcker spoke a few hours after Mr Kohl climbed down from his controversial demand last Friday that a united Germany would accept Poland's existing western border only if Warsaw agreed to renounce all war reparation claims.

The President is known to side strongly with Mr Hans-Dietrich Genscher, the Free Democrat Foreign Minister, who has been at loggerheads for several weeks with Mr Kohl over the Polish border issue.

Mr von Weizsäcker said that unification would have to be synchronised with fresh progress on the European front. "We cannot run off with the dynamics of (a united) Germany as long as there is not a clearer perspective for security policy."

Mr von Weizsäcker emphasised, for instance, the impracticability of adopting Berlin as a future capital – which he supports as a longer-term goal – as long as Russian troops remain in East Germany. Just as he was remarking on the difficulty of harmonising unification with Moscow's own security needs, President Mikhail Gorbachev was making a renewed declaration of opposition to a united Germany's membership of Nato.

Born in 1920, 10 years before Chancellor Kohl, Mr von Weizsäcker was a young infantryman in the *Wehrmacht* who took part in the invasion of Poland in September 1939.

When the fighting ended, Mr Kohl was 15 and had spent the latter years of the conflict watching bombs drop down on his home town, the Rhineland industrial city of Ludwigshafen. In 1945, Mr von Weizsäcker was a war-weary captain who went on to help defend his father – state secretary in the Third Reich Foreign Ministry between 1938 and 1943 – against war crimes charges at a Nuremberg tribunal.

In interviews, Mr Kohl's homely blusterings invite the journalist to shout to get a word in edgeways. But Mr von Weizsäcker's eloquent and complex syntax virtually defies interruption, forcing a listener to wait until he weaves an intricate way through to the verb at the end of the sentence.

Both German leaders can be thin-skinned, but Mr von Weizsäcker's humour is considerably more delicate than Mr Kohl's barnstorming *Schadenfreude*. Unnervingly, the look in the president's eye can flicker suddenly from steel to a twinkle and then back again. But he has the knack of saying more in a quick off-the-record aside (usually delivered in the twinkle mode) than Mr Kohl produces in several filibustering minutes.

Mr von Weizsäcker is a patrician Protestant; Mr Kohl is a Catholic. The President's human links with the East stem both from his early years spent in Berlin and also from his long contacts with the East German Protestant Church. He was governing mayor of West Berlin between 1981 and 1984.

In spite of the bankruptcy of 40 years of communism, the President believes that East Germany can bring "character" and "values" into a unified state. "People were disadvantaged. But, under dictatorship, they established lives in solidarity. This didn't make them heroes, but it gave them experiences which need to be maintained."

Mr von Weizsäcker takes issue with the increasingly materialist motives to the unification process, illustrated by the continuing exodus of East Germans to the West to acquire D-Mark living standards.

He acknowledges that the temptation of the Federal Republic makes adjustment from communism more difficult for the East Germans than for other formerly East bloc countries. "The Germans in the East have a disadvantage which they do not share with the Poles and the Hungarians and the Czechs and the Slovaks – that they are not forced to be patient."

In a manner which is clearly vicarage rather than pontifical, he emphasises: "One-sided economic pressures undermine the need for understanding and equality between the two German states."

"If unity is decided only on the basis of access to the D-Mark, then we come quickly to the idea of an annexation (*Anschluss*) which is not intended and is politically unhealthy, both nationally and internationally. One cannot believe that the growing togetherness of the German people can be well anchored if it exists only at the level of a hard currency."

President von Weizsäcker: Germany's conscience

Mr von Weizsäcker voices strong misgivings about prescriptions from Bonn to the East Germans, some of which have come recently from Mr Kohl's closest advisers. Stressing that "first and foremost" it is up to the East Germans to decide the path to unity, he criticised "excitement" in the Bonn coalition over using Article 23 of the federal constitution to implement a takeover of East Germany.

This clause, establishing an automatic mechanism for East German states to accede to the Federal Republic, is favoured by Mr Kohl as the speediest way towards unification. But Mr von Weizsäcker says that a process of "economic annexation" could produce "disease" in a future united Germany.

"My interest as the head of the West German state is that the other part brings in its contribution to unity which allows it a healthy self-confidence. Otherwise, the whole will not be healthy."

Asked about foreign scepticism about German unity, Mr von Weizsäcker says, with only the slightest trace of sardonic overtones, that Germany should be grateful that its allies and partners have decreed it the right to self-determination in one state. This was not, he points out, the case with Bismarck.

Becoming more serious, he says that concerns abroad – both about Germany's inwards-looking tendency, and about the growth of its economic potential – "are understandable, and they have to be taken seriously."

He adds: "My main reason for confidence that these concerns will be shown to be unfounded is that we have a functioning democracy."

With just the slightest of hints that he may indeed be talking about Mr Kohl and the Polish border, he goes on: "If someone makes serious mistakes, he will be corrected, through the functioning of democracy, through competition of the parties, and through the action of the media."

Mr von Weizsäcker says that it is "perfectly right" for Germany's neighbours "to make us aware that we have to go this way (of unity) as a motor for the unity of Europe."

Then comes the inevitable rapier thrust at Mrs Margaret Thatcher, the UK Prime Minister, with whom the President, like the Chancellor, has strained personal relations: "There are certain political personalities who want to use German unity to brake European unity."

Civil service reform

The problem of making Whitehall accountable

By Vernon Bogdanor

Boards, Jeremy Bentham once said, are screens. They protect those working in them from the rigours of parliamentary accountability. Mrs Thatcher's government came to office in 1979, determined to restore accountability by transferring many functions to the private sector so that they could be subject to market disciplines. Organisations remaining in the public sector, which were not under the direct authority of ministerial departments, would be abolished, as happened in the great quango cull of 1979 to 1983.

The "Next Steps" programme, launched in February 1988, and now in full swing, cuts across this public/private dichotomy. It proposes to separate the executive from the policy-making functions of government and to transfer the former out of Whitehall by establishing autonomous agencies. Each agency will be headed by a chief executive responsible for day-to-day operations within a policy and resources framework set by the departmental minister, who will monitor performance.

The intention is to bring management disciplines into government. Agencies will be monitored not through "input" – the amount which they are spending – but though "output" – their use of resources and the extent of customer satisfaction. The chief executive will be the agency's accounting officer, directly and personally responsible for expenditure, and may give evidence to the Public Accounts Committee.

The Next Steps programme is ambitious. The first three agencies – the Vehicle Inspectorate, Companies House and HMSO were established in 1988, and by the end of 1990 some 20 agencies will have been created, employing around 80,000 staff. By 1998, when the programme will be complete, it is intended that three quarters of the civil service will be working in agencies, rather than Whitehall departments.

This is perhaps the most drastic civil service reform since the Northcote-Trevelyan Report. Admittedly, there is nothing new in the notion that ministers should cease to be answerable for day-to-day decisions. That has been a nostrum of the constitution since at least the time of Crichel Down. What is novel is the development of new machinery outside Whitehall departments. Civil servants will no longer be simply the servants of their ministers, owing duties only to them. They will also have specific duties to Parliament and to their customers, and they will be set performance targets. Civil servants will be transformed into managers.

The Government, however, is determined not to undermine the convention of ministerial responsibility, the central principle of our constitutional arrangements. The minister will still, it is said, be responsible to Parliament for policy as opposed to operational matters. But, what is policy? How is it to be distinguished from management? If a citizen does not receive his passport on time, or is denied social security benefits, is this policy – a matter for ministers and Parliament – or management, to be referred to the chief executive

Every attempt to demarcate separate responsibilities in relation to the nationalised industries failed dismally. Why should it be easier to devise a separation of powers in the case of agencies? A more likely result is buck passing. The minister will take the credit for successes while blaming the chief executive for failures. When things go wrong, the chief executive will say: I pressed the Government for more resources, but could not get them. Ministers will seek to distance themselves from agencies, but if a chief executive seeks to blame the Government's financial stringency, and the minister's position is threatened by inefficiencies, he will intervene, and nothing will be achieved by devolution.

Even technical issues can have strong political repercussions. Engraved on the heart of every minister should be the words "Vehicle and General." Its collapse in 1971 exposed incompetence in that section of the DTI dealing with the regulation of insurance companies. This section would undoubtedly have been a prime candidate for agency status. No minister would spend much time ensuring that it worked satisfactorily. Yet the consequences of inefficiencies caused grave political damage to the minister concerned, John Davies.

To the extent, however, that devolution is achieved, an alarming gap in the accountability of government will be revealed. The Next Steps programme lays bare the gross insufficiency of grievance procedures. For, if a citizen can no longer complain to his MP about an agency decision, because it lies within the chief executive's remit, how is he to secure redress?

The idea of separating executive agencies from central government departments derives from Sweden. But in Sweden, Parliament plays a much less central role in the redress of grievances. The ombudsman is far more powerful; aggrieved citizens can appeal directly to him, and he can initiate prosecution of civil servants. The law on freedom of information makes it possible for the aggrieved citizen to consult his files, and there is a thoroughgoing system of administrative law.

It makes no sense to import a policy derived from another country with quite different constitutional traditions, unless an attempt is made to understand these traditions and adapt them. The political scientist Richard Rose has called the Next Steps legislation the Last Step, since it stands at the chasm between the institutions, methods and culture of business and those of the higher civil service.

Yet there is a constitutional obstacle to treating government as business; and it is only our disinclination to tackle constitutional issues which prevents us from seeing this. Either the Next Steps programme will expose a serious gap in our grievance procedures or, more likely, individual grievances will continue to end up on the minister's desk and nothing will have been achieved. Our supposedly flexible constitution is in fact a boomerang; those who think that they can consign its principles to the wilderness, will find that it returns to strike them when they least expect it.

The author is a Fellow of Brasenose College, Oxford.

LETTERS

Green papers: no basis for legislation

From Lady Seear.

Sir, How right you are to say ("The stubborn approach," March 5) that government policies have been worked out without sufficient opportunity for public debate and involvement.

In the past, before the introduction of important policy changes such as those planned for local government finance, or the student loans scheme, or the courts and legal services alterations, a commission of inquiry would have been set up. The members of such a body would have been chosen to reflect a variety of different views; their names would have been known and they would have had professional reputations to lose if their proposals were half-baked.

The body would have called for evidence, which would have been published, again including the names and qualifications of the witnesses. The public would have been able to see where the advice came from and the arguments that supported it.

The modern way is for the Government to produce a green paper. No one knows who has written the green paper, on what evidence it is based or the professional competence of its authors. Yet the green paper inevitably becomes the agenda for discussion and subsequent legislation.

We all know that to control the agenda is half way to the control of the ultimate decision. It is time we recognised that anonymous green papers are no basis for acceptable legislation.

Seear,
House of Lords
Westminster, SW1

Scientific collaboration with the private sector

From Mr John V. Burke.

Sir, David Fishlock's review of Mark Dodgson's study of Celltech ("Defying the scientific odds," March 1) has lessons for the long-term future of new science-based healthcare businesses in the UK.

Research and development into biotechnology products, such as pharmaceuticals and diagnostics is not only very costly and protracted – eight-to-10-year gestation periods are not uncommon for pharmaceuticals – but pressures for short-term profits can be especially damaging to new ventures.

Mr Fishlock is also right to stress the importance of commercialising British academic scientific achievements and the value of collaboration with the private sector. Japan and the US are devoting huge resources to biotechnology in anticipation of breakthroughs and spectacular rewards.

We have centres of expertise which, harnessed to the discipline of commercially driven research can ensure that Britain is not left behind again.

John V. Burke,
Director and Chief Operating Officer,
Porton International,
100 Piccadilly, W1

Low-flying salaries in the aerospace industry

From Mr M. Priest.

Sir, The problems referred to by Paul Betts and Charles Batchelor ("Skills shortage worsens," and "Home-grown skills," February 27) share one theme – the failure of certain companies to recognise the need to pay adequate remuneration.

As the results of our 1990 employment survey will confirm, salaries paid to members in the aerospace industry are not flying, but are very much in the bottom sector levels.

If such companies wish to commit themselves to overcoming, rather than talking about, the problems and thereby remain effective, the basic answer is to pay appropriate salaries.

M. Priest,
Manager, Professional Services,
Institution of Mechanical Engineers,
1 Birdcage Walk, SW1

UK education: jumping to invalid conclusions

From Ms Ann Robinson.

Sir, If Mr James Murphy's comments (Letters, March 3) are representative of the standard of scholarship in the Educational Research Department at Lancaster University, he merely confirms Mr Peter Morgan's comments on the state of British education in his speech to the Institute of Directors on February 27.

Mr Murphy claims that "only 11 per cent now leave school with no public examination achievement compared with four times that figure in 1970." But he is not really making a valid comparison.

In 1970 the only public examination available to school-leavers was the GCE "O" and "A" level. This appealed to a very narrow band of students and accordingly a new examination, the GCSE, has been introduced specifically to widen the band of school-leavers who can claim a certificate.

If we examine the statistics for those who left school in 1988 with GCSE of above grades D and E (equivalent to an "O" level pass), then we find that Mr Morgan's statistics (quoted from the Annual Abstract of Statistics, 1990, p56, table 3.14) are perfectly correct.

As an academic, Mr Murphy should know that you cannot compare two entirely unalike objects as he has done. Equally, there is considerable evidence of a serious shortage of graduates, particularly in the more technical subjects like science, engineering and accountancy. This is borne out by the fact that many companies are now moving their recruiting exercises into the mainland of the European Community to draw upon a larger pool.

Mr Murphy is correct in stating that the UK produces an average figure of graduates relative to other major European countries. What is more frequently quoted, however, is the low relative percentage of the UK's 16-25 population in full-time education.

Rather than Mr Morgan's arguments being threadbare, it is Mr Murphy (who should know better) who has jumped to invalid conclusions.

Ann Robinson,
Head of the Policy Unit,
Institute of Directors,
116 Pall Mall, SW1

Mr Walker and the miners

From Professor Brian Towers.

Sir, Mr Peter Walker's resignation ("Walker to leave Cabinet," March 5) prompts him to look back on his career for moments of particular satisfaction. He recounts two: certainly some of us will feel grateful to him for his decision, in the 1970s, to list more than 20 of London's theatres. But I wonder in what sense his role in the defeat of the miners gave him similar satisfaction?

It was a signal defeat for mining communities – and not simply the National Union of Mineworkers – seeking the right to have an important, even decisive, influence upon decisions concerning the continuance, or otherwise, of their way of life.

Their defeat was clearly inevitable in the autumn of 1984. They were no match for the organisation and resources of capital. The Government dug deep into the contingency fund to finance opposition to the strike aided by the deployment of a "national" police in a quasi-military manner and the almost total support of the media in its consistent misrepresentation of the NUM's case and silence on alternative economic arguments to those of the then National Coal Board.

Issues such as the tactics of the NUM leadership, the use of mass, flying pickets and the supposed "political" aims of its leadership were small beer in contrast with the fundamental conflict between capital and community. The final bill for defeating this "enemy within" was a cool £3bn-£5bn.

Brian Towers (*Editor*),
Industrial Relations Journal,
Strathclyde Business School,
University of Strathclyde,
Glasgow

Cromwell's 'genius'

From Mr David Ives.

Sir, Antony Thorncroft ("Digging in for the battle of Naseby," February 25) is perhaps a little over-generous to Cromwell's "genius saving the day" at Naseby. Cromwell and the estimable Sir Thomas Fairfax did have, on general reckoning, over 14,000 troops against the Royalists' 8,000 or so, which probably helped a bit.

David Ives,
Goulceby House,
Goulceby,
Louth, Lincolnshire

FINANCIAL TIMES
Thursday March 8 1990

RULING PARTY ACCUSED OF POLL FRAUD

Mexico crushes opposition election protests

By Richard Johns in Mexico City

MEXICAN police have crushed opposition protests against alleged electoral fraud in Guerrero state, underlining the Government's growing impatience with political dissent in Mexico's tourism hub.

Three policemen were killed as security forces forcibly dislodged supporters of the left-of-centre Party of the Democratic Revolution (PRD) from the town hall at Cruz Grande, near Acapulco. It was one of 18 which had been occupied since December 10 in the wake of bitterly-disputed municipal elections and allegations of fraud.

The PRD reported that there had been violent confrontations at four other municipal headquarters as anti-riot squads and the Federal Judicial Police (PJF) moved in before dawn in a surprise attack. The struggle at Ometepec, 50 miles south-east of Acapulco, left two activists dead, nine hospitalised and at least 70 members arrested, the party said.

Mr Jose Francisco Ruiz Massieu, the controversial Governor of Guerrero, flew to Mexico City on Tuesday for talks with the Government. The state leaders of the ruling Institutional Revolutionary Party, Mr Reuben Figueroa Alcocer, and Mr Rosalio Wences Reza, have now agreed on a "truce" and a "halt to violence" under the auspices of the Ministry of the Interior.

Mr Carlos Salinas de Gortari, Mexico's President, has pledged to liberalise Mexico's political system and open it to opposition parties. But he has been severely hampered by the unwillingness of some elements in the ruling Institutional Revolution Party (PRI) to relinquish power, and the Government has come under heavy criticism for the continuation of alleged ballot-rigging.

The violence is the latest escalation of conflict over the disputed elections. The PRD claims that 56 of its supporters have been killed in election-related violence since mid-1988. Last week, three PRD activists were killed when police removed demonstrators blocking the roads to the two airports serving Acapulco and Ixtapa, two major tourist resorts.

The Mexican Government is known to be concerned that the violence and unrest are damaging the image of Guerrero, which depends heavily on tourism.

The PRD is demanding the dismissal of Mr Ruiz, the appointment of an interim governor and the holding of new elections. It has also demanded that judicial proceedings be taken against Mr Ruiz for violating the Law of Responsibilities of Public Servants. The State Electoral Commission has agreed that the results of the polls last December for six municipalities should be annulled and has already ceded three disputed town halls.

Three town halls were evacuated peacefully and a compromise reached over the future of seven others on the basis of power-sharing between the PRD and the PRI. That leaves three town halls still occupied in troubled Guerrero. In Michoacan, meanwhile, members of the centre-left opposition still occupy 23 municipal headquarters.

Britain criticised by North Sea nations

By John Hunt, Environment Correspondent, in The Hague

BRITAIN came under fierce attack yesterday as the only country still dumping industrial waste and sewage sludge in the North Sea beyond the agreed deadline.

At the opening of a North Sea conference in The Hague, Britain was also accused of causing nuclear contamination in the Irish and North Seas from British Nuclear Fuel's reprocessing plant at Sellafield and concern was expressed about the proposed Atomic Energy Authority plant at Dounreay in Scotland.

The environment ministers of Denmark, Sweden and Norway last night delivered a letter to Mr Chris Patten, UK Environment Secretary, demanding the immediate ending of all British dumping of industrial waste and sewage sludge in the North Sea. They said it was of great concern to fishermen, environmental groups and the general public.

They stressed their concern about proposals for the nuclear reprocessing plant for fast reactor fuel at Dounreay. They believed that even with the best technology, unintentional discharges of radioactive material could occur with "severe effects on human health and the marine environment." It would have unpredictable impacts on the fishing industries of Norway, Iceland and the Faroe Islands.

Chris Patten: calls for a positive and constructive approach instead of lectures

Mr Patrick Flynn, Irish Environment Minister and president of the EC environment ministers' council, called for the closure of Sellafield. Mrs Kristin Hille Valla, Norwegian Environment Minister, urged that the Dounreay proposals should be abandoned.

Britain has said it will end nearly all industrial dumping by 1993 and cease sewage sludge dumping by 1998. Under the 1987 North Sea declaration, industrial dumping should have ended last year. The criticism of Britain was led by Mrs Lone Dybkjaer, Danish Environment Minister. She said the attitude of Mr Patten on dumping was like Nelson putting his blind eye to the telescope.

"We are becoming very concerned that the UK Government has failed to see the signal regarding dumping in the North Sea," she said.

She urged the UK to phase out immediately the disposal of sewage sludge because alternative methods were available.

Mr Patten rejected the criticisms and accused Mrs Dybkjaer of preparing her speech without regard to Britain's latest pollution reductions. He called for a positive and constructive approach, instead of lectures, and said: "People in glass houses should not throw stones" – a reference to the fact that most river-borne pollution comes from the Rhine and other outlets on the eastern side of the North Sea.

Defending the Sellafield plant, he said discharges had been cut by 90 per cent and a new investment programme intended to reduce the remaining discharges by a further 90 per cent.

Replying to the Norwegian criticisms, he said outlined planning permission had been given for the Dounreay plant. But a final decision on whether it should go ahead would not be taken for five or six years.

The conference decided to phase out and destroy all PCBs (polychlorinated biphenyls) by the end of 1999. This was a compromise by the UK and France which had been pressing for the year 2005 as the target date.

However, Norway, Denmark and Sweden will try to destroy these substances by 1995 – their preferred option.

PCBs are used in electrical transformers for insulation and were the centre of a controversy last year when a Canadian shipment for incineration in the UK was turned away at British ports.

AT&T and NEC to swap chip technology

By Robert Thomson in Tokyo and Louise Kehoe in San Francisco

NEC, Japan's largest producer of semiconductor chips, and AT&T Microelectronics, the semiconductor division of the US telecommunications company, yesterday announced a semiconductor technology partnership agreement.

They will swap semiconductor and related chip design technology and co-operate in the manufacture of some types of chips.

The announcement comes as pressure continues in Washington for an expanded foreign share of the Japanese semiconductor market. The partnership has the approval of Japan's Ministry of International Trade and Industry (Miti), which is attempting to ease trade friction by encouraging Japanese companies to find US technology partners.

The companies are establishing a process that will expand the use of AT&T's semiconductor chips in NEC computers and telecommunications equipment products.

They have also agreed to become partners in the market for Application Specific Integrated Circuits (ASIC's), devices tailored to meet the specific needs of individual customers.

AT&T Microelectronics will be licensed to manufacture and market NEC's gate array products, a type of ASIC. They will also swap computer-aided design tools for use in their design.

AT&T will, in effect, become an alternate source for NEC's gate array products: it will initially manufacture the gate array products at its US plant, but in the future may also manufacture them at its Spanish plant.

The potential for European production is significant because the chips would comply with new European rules of origin.

The third element of the agreement calls for AT&T to provide manufacturing support for NEC's line of four-bit microcontrollers, devices that are widely used in consumer electronics goods. This will enable Japanese customers to obtain products made by a US company, potentially increasing the foreign share of the Japanese semiconductor market.

While Miti has been encouraging Japanese semiconductor makers to establish agreements with US makers, NEC said that it first finalised the agreement and then sought Miti's opinion, and was not responding to "pressure."

The agreement between AT&T and NEC is the latest in a series of technology sharing pacts between US and Japanese chip makers.

These international pacts come under a 1986 bilateral agreement with the US, whereby there is an understanding that the foreign share of the Japanese chip market will reach 20 per cent next year.

Mr Warwick said that the 20 per cent figure was not a fixed figure but a target indicating market openness.

THE LEX COLUMN

The cat let out of the Harrods bag

It is hard to imagine a more damning document than the Department of Trade Inspectors' report into the House of Fraser takeover. The conclusion that the Fayeds lied about their wealth and deceived the regulatory authorities on a grand scale is pretty damaging stuff, even for a privately owned company. Lonrho has proved that it was wronged in no uncertain manner, the reputations of a couple of well known City advisers have suffered, and outside the City, at least, it will fuel a more general impression that standards are not what they were.

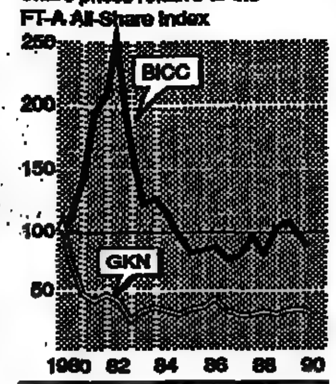
There are a number of reasons why the longer-term ramifications of this report may not be as great as some other investigations into City wrongdoing. For a start, this was a most unusual takeover battle and the lessons to be learnt are unlikely to have as wide a relevance as those stemming from the Guinness and Blue Arrow affairs. In those cases there was a feeling that they may have highlighted what was once common practice in the City. By contrast, the House of Fraser battle involved two rather unpredictable acquirers whose business ways have rarely been regarded as the norm. Finally, this was a cash bid, and shareholders have not been disadvantaged.

Nevertheless, it would be wrong to underestimate the implications of the report. A considerable amount of taxpayers money has been spent on an investigation that has discovered substantial wrongdoing. If the Government continues to take no action on its conclusions, one can only wonder what is the purpose of such reports other than providing a good read. Clearly, City advisers will need to take its message to heart. If the laxity exposed here forces much tighter vetting requirements on advisers, then it will have served a useful purpose.

British Gas

The market seemed stunned into indifference yesterday by British Gas's latest venture on the acquisition trail, perhaps torn between uncertainty as to the impact of the deal and relief that the target, Consumers Gas, seemed within the company's management capabilities and price range. Odd though it may seem to describe a £565m acquisition as small, it is so in terms of British Gas's annual revenues of £7.5bn. But, assuming that the Canadian authorities do nothing unexpected, it does seem encouraging that the company has avoided its penchant for takeover fiascos.

Share prices relative to the FT-A All-Share index



Gas distribution is a business the company knows everything about and it should also be well informed about Canada, however troublesome it has been to learn the lesson. The exit p/e for Consumers is around 11, although that will rise when British accounting standards are applied. Thus the deal is expected to be mildly dilutive this year before subsequently enhancing earnings as revenues rise. However, any increase may be fairly marginal, judging by British Gas's caution about the need for operational change in Canada, although there should at least be some gain on refinancing Consumers' debt.

Whatever the criticisms of British Gas's previous acquisition forays, diversification overseas does seem a sensible policy for a company of its size. Canada appears to offer a better regulatory environment (for companies rather than consumers) than the US and indeed the UK. But the market has yet to be convinced that future acquisitions will be as logical as this one.

BICC

Yesterday's 5 per cent rise in BICC's shares may seem a little overdone, as a reward for annual results distinguished more by the absence of nasty surprises, than the presence of nice ones. It was a relief that BICC's Balfour Beatty contracting arm had no need to provide against losses from Eurotunnel cost-overruns, that house building was no worse than expected and that cable-making remains buoyant. But this is still, after all, a capital goods company, right at the tail-end of the business cycle. Investors seem to be remembering that BICC, after its revival in the 1980s, is now a high quality operation. On that score, one can comprehend why some see the present p/e of a little over 8 times 1989 earnings as undemanding.

It is worth totting up some figures and pointing out that since 1984, when it was making only £90m pre-tax, BICC has comfortably afforded in aggregate a net £390m of capital spending, and paid £180m in dividends. On top of that, it has paid for the hefty redundancies and the string of US and European acquisitions which have repositioned it as a low-cost global cable-maker; and yet net gearing is still only 35 per cent. Granted, BICC has used share placings to finance its purchases; but, even so, earnings per share have gone on rising at 20 per cent plus per annum.

Although this is a company whose powers of cash generation have been appreciating rapidly, the question is whether the progress can be sustained, beyond a likely 14 per cent increase in taxable profits to £230m this year. Given its historic record, Balfour Beatty seems safe enough; and as for cables, the key is maintaining the steady margin improvements since 1985. On the latter score, BICC's confidence is very striking.

GKN

If GKN's 1989 performance is any guide then the well documented problems of the UK economy may be having less effect on the famous old names of British industry than sometimes imagined. A 14 per cent rise in 1989 earnings per share and an even bigger rise in the dividend is a pretty confident message from a group that nearly did not survive the last major UK recession. The group's traditional heavy exposure to the UK car industry is much less than it was, its return on capital continues to increase, and so far it has managed to avoid being hit by the downturn in the US auto industry. Its gearing is rising but there are several ways that this can be reduced and this does not include a rights issue. However, a prospective multiple of 7½ times earnings suggests that GKN's optimism about its ability to ride out the coming downturn may be misplaced. If it is not then it deserves a rerating.

US offers solution to IMF quotas dispute

By Peter Riddell, US Editor, in Washington

THE US, seeking to act as an "honest broker," has offered a compromise in the dispute between Britain and France over the size of their respective shareholdings or quotas in the International Monetary Fund.

The problem arises from Japan's desire to become the second-largest shareholder, a rank held by Britain, which has agreed to give up some of its voting share. However, Britain and France each insists on its right to occupy fourth place according to complicated measurements of economic performance.

Britain argues that it is not the country holding up the quota review, although completion of decisions is being delayed by the ranking issue and by discussion of US proposals to deal with arrears owed to the IMF by Third World countries.

The suggested solution, put forward on a recent visit to Europe by senior US officials, is that Britain and France would for the moment have an equal ranking while they worked out a period of adjustment in quotas. But there is apparently no agreement on how to adjust quotas.

The US, with no direct interest in the ranking question, has sought, according to a senior Administration official, to be "helpful, acting as an honest broker." US officials find the dispute rather puzzling, while acknowledging its "symbolic importance." In practical terms, the ranking affects the number of senior posts allocated to a country at the IMF headquarters in Washington.

A senior US official involved thought that the dispute would not be sorted out until the overall quota review was completed (probably by early May), but that then both Britain and France would reach an agreement to avoid being accused of holding up decisions.

Sir Antony Acland, the British Ambassador to the US, yesterday wrote to the Washington Post to insist that the UK was not seeking to hold up the quota review. "Far from blocking agreement, the UK has in fact helped provide a solution to this problem by offering to give up some of its own voting rights" (to help Japan).

Saying Britain was "perfectly happy to accept the results of the quota formulae and to accept the consequent fall in IMF ranking," he added that the formulae left the UK in fourth rank, whichever year's data is used as a base.

Hardly an end to the Fayed saga

Continued from Page 1

for the DTI inspectors – Sir Henry Brooke QC and Mr Hugh Aldous, an accountant. Heroes in Lonrho's eyes – one of the group's press releases described Sir Henry as "witty and charming" – they were depicted by House of Fraser yesterday as unjust and lacking in relevant experience.

The accusations in the DTI report were worthless, said House of Fraser, and the DTI itself had effectively disowned the original investigation.

Mr Cole added that the inspectors' conclusions about the management of House of Fraser were favourable. "The truth is that the stewardship of this outstanding company is in the best possible hands," he said. He again denied that the Fayeds had received financial backing from outside sources for the 1985 takeover.

Kleinwort Benson, which was criticised as the Fayeds' merchant bank adviser for failing to check out their financial position independently, said the report "accepted that Kleinwort Benson acted in good faith."

The bank said that there were limits to what could be verified, particularly in the private affairs of non-corporate clients. It had relied on what it had been told and on its own reasoned judgment, but did not have available to it the contrary evidence supplied by others.

Herbert Smith, the law firm whose involvement was said by the inspectors to have lent the Fayed bid credibility, said it would not be making a statement.

The Bank of England said it would be studying the report to see whether any action was needed over Harrods Bank, the licensed bank which is part of the group. It would also be studying the comments made about Kleinwort Benson, it said.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	15	59	Dubrovnik	S	[illegible]	[illegible]	Malta	C	[illegible]	[illegible]	Rhodes	S	[illegible]	[illegible]
Algiers	S	21	70	Edinburgh	R	[illegible]	[illegible]	Manchester	C	[illegible]	[illegible]	Rio de J'o	C	32	90
Amsterdam	C	8	46	Faro	[illegible]	[illegible]	[illegible]	Manila	C	[illegible]	[illegible]	Rome	S	14	[illegible]
Athens	C	10	50	Florence	S	[illegible]	[illegible]	Melbourne	S	[illegible]	[illegible]	Salzburg	F	[illegible]	[illegible]
Bahrain	S	21	70	Frankfurt	F	7	45	Mexico City	R	23	73	San Francisco	C	[illegible]	[illegible]
Bangkok	F	33	91	Funchal	C	16	61	Miami	C	17	63	Seoul	S	[illegible]	[illegible]
Barcelona	S	14	57	Geneva	S	7	45	Milan	S	[illegible]	[illegible]	Singapore	F	[illegible]	[illegible]
Beirut	–	–	–	Gibraltar	C	14	57	Montreal	S	-17	1	Stockholm	C	[illegible]	[illegible]
Belfast	R	8	46	Glasgow	R	[illegible]	[illegible]	Moscow	C	-1	30	Strasbourg	S	[illegible]	[illegible]
Belgrade	C	9	48	Guernsey	F	[illegible]	[illegible]	Munich	S	[illegible]	[illegible]	Sydney	S	19	66
Berlin	C	8	46	Helsinki	C	[illegible]	[illegible]	Nairobi	–	–	–	Taipei	R	[illegible]	[illegible]
Biarritz	S	13	55	H. Kong	F	[illegible]	[illegible]	Naples	S	[illegible]	[illegible]	Tangier	C	[illegible]	[illegible]
Bombay	F	27	81	Innsbruck	S	7	45	Nassau	C	[illegible]	77	Tel Aviv	C	[illegible]	[illegible]
Bordeaux	S	13	55	Inverness	R	[illegible]	[illegible]	New Delhi	S	[illegible]	[illegible]	Tenerife	S	[illegible]	[illegible]
Brussels	C	8	46	Islamabad	F	[illegible]	[illegible]	New York	[illegible]	-3	27	Tokyo	[illegible]	[illegible]	[illegible]
Budapest	F	10	50	Istanbul	S	[illegible]	[illegible]	Nice	S	14	57	Toronto	S	-13	9
B. Aires	–	–	–	Jakarta	[illegible]	30	86	Nicosia	C	[illegible]	[illegible]	Tunis	C	14	57
Cairo	C	19	66	Jersey	S	10	50	Oporto	C	[illegible]	[illegible]	Valencia	F	13	55
Cape Town	–	–	–	Jo'burg	T	17	63	Oslo	F	7	45	Venice	S	[illegible]	[illegible]
Caracas	C	25	77	Lima	F	[illegible]	[illegible]	Paris	[illegible]	[illegible]	[illegible]	Vienna	C	10	50
Casablanca	S	18	64	Lisbon	C	11	52	Peking	S	14	57	Warsaw	C	[illegible]	[illegible]
Chicago	C	1	34	London	C	10	50	Prague	C	[illegible]	[illegible]	Washington	S	-1	30
Cologne	C	7	45	Los Angeles	–	–	–	Reykjavik	F	[illegible]	[illegible]	Zurich	S	7	45
Copenhagen	C	8	46	Luxembourg	C	5	41								
Corfu	S	13	55	Madrid	S	[illegible]	[illegible]								
Dallas	C	13	55	Majorca	C	[illegible]	[illegible]								
Dublin	C	9	48	Malaga	C	15	59								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Japanese divided over interest rates

Continued from Page 1

The central bank takes comfort from the fact that the turmoil in Tokyo financial markets has failed to dent Japanese industry's confidence.

A survey carried out in mid-February, before the recent plunge in the Japanese stock market, showed companies were as confident of their prospects as they had been at the time of the last survey in November.

Soundings carried out in the days after the upheaval in the market indicated no change in the opinions of business leaders, said Mr Masaaki Nakao, director-general of the central bank's research and statistics department.

The bank's survey is the strongest evidence published so far that the fall in equities, Japanese bonds and the yen is having little or no impact on industry. The bank's quarterly reports on business confidence are regarded in Japan as one of the most important leading economic indicators.

Mr Nakao said the results showed the economy was on a plateau with little sign of growth decelerating. The survey showed a confidence rating of 52 per cent among manufacturers, against 53 per cent in November.

Among non-manufacturing companies, the confidence rating fell from 52 per cent to 49 per cent, a figure which the central bank still regards as satisfactorily high.

Labour shortages continue to be industry's biggest problem. The number of companies reporting difficulties was the highest on record.

FINANCIAL TIMES
COMPANIES & MARKETS
© THE FINANCIAL TIMES LIMITED 1990
Thursday March 8 1990

INSIDE

End of star trek for Captain Kirk?

Heads are being scratched in Hollywood. The big question in Tinsel Town is: has Kirk Kerkorian (left) finally met his match or merely made another match? It was announced yesterday that Mr Kerkorian, majority owner of MGM/UA, had agreed to sell the Hollywood film and television studio to Italian financier Giancarlo Parretti. One point troubling doubters is whether Mr Parretti can come up with the cash to complete the purchase. He says he can and will. Page 25

Grains of happiness

A triumph for the free market economy is being quietly celebrated in Vietnam. Quietly, because the official party line in Hanoi is that political pluralism is not on the agenda. So, although some experimentation with aspects of the market economy has been permitted, even encouraged, by the old men of the Politburo, there are assumed to be limits beyond which they will not be pushed. But where those limits now lie has been called into question by the *extraordinary transformation of food supplies* in Vietnam: essentially the availability of rice. Roger Matthews reports. Page 31

Strike on Mount Olympus

Nikitas Niarchos, the president of the Athens Stock Exchange, is a harassed man these days. While share prices surge to record levels, the temporary clerical staff who inscribe transfers of ownership in Dickensian ledgers have gone on strike. A banner hung from the classical columns of the exchange entrance demands that their jobs be made permanent. But delays of up to a month in settling transactions have not deterred investors. Page 44

Spaced out aerospace

Italy is too small for Aeritalia says its managing director Fausto Cereti (left). The Italian state-controlled aerospace group, is looking for acquisition opportunities to spread its operations around the globe. It made its first significant move last year when it acquired majority control of Dee Howard, a US company based in San Antonio, Texas. Now it is scouting for other acquisitions in the US and, especially, European markets to strengthen and complement the group's commercial aircraft side which accounts for nearly 40 per cent of Aeritalia's sales. Page 24

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
BMW	620	+	5.5
Hochtief	1285	+	65
KHD	[illegible]	+	11
Mercedes	751	+	17
Veba	[illegible]	+	9.8
Falls			
Varta	411	−	5.5

PARIS (FFr)			
Rises			
Bouygues	572	+	21.8
Hutchinson	1210	+	57.8
METALEUROP	306	+	22.5
Falls			
Locafrance	514	−	[illegible]
Roussel	1870	−	90.3
Penhoet	550	−	23

NEW YORK ($)			
Rises			
Businessland	11	+	2¼
Compaq	91	+	2¼
MGM	17¾	+	2¾
Pathe Comms.	4½	+	¼
Falls			
Hilton	61¾	−	4⅝
Homestake	19½	−	½

New York prices at 12.30.

TOKYO (Yen)			
Rises			
Chuo Denki	1840	+	180
Co-op Chem.	1176	+	80
Riken Elect.	1320	+	100
Taihei Paper	1200	+	80
Falls			
Fuji Robin	2400	−	180
Harima Chem.	1930	−	170

LONDON (Pence)			
Rises			
Allied-Lyons	433	+	11
Barclays	585	+	4
Fawcy	229	+	14
GKN	398	+	7
Hammerson A	688	+	18
Hawker Sidd	808	+	16
Ladbroke	281	+	18
RTZ	529	+	11
Redland	535	+	5
Rothmans Int.	822	+	22
Scot.& New.	300	+	12
Unilever	635	+	9
Water Pkg	1585	+	15
Whitbread A	379	+	10
Falls			
Huntleprint	80	−	10
Logica	320	−	7
Parrish	25	−	5
Pearson	881	−	9
Ultramar	364	−	5

GKN profits climb 21% to £215m

By Clare Pearson in London

GKN, the UK automotive and engineering group, increased pre-tax profits by 21 per cent to £214.8m ($354m) in 1989 from £177.6m a year earlier.

Mr David Lees, chairman, said every business and each regional portion of the group had improved its margins as well as its profits. The percentage increase in pre-tax profits outstripped a rise in turnover to £2.66bn from £2.37bn. Earnings per share for the 12 months rose to 50p from 44p.

The share price yesterday closed 7p higher at 398p. The stock market was pleased to see a 17.6 per cent rise in the year's *dividend to 20p (17p)* – after a final payment of 12.5p (10.75p) – as well as to hear a statement from Mr David Lees, chairman, that was less cautious than some had feared. Mr Lees described the outlook for 1990 as "mixed." In the UK, where GKN now makes less than 40 per cent of its group sales, he said the company was feeling the effects of higher interest rates in many – though not all – of its activities.

The UK automotive components businesses had been weaker since the end of last year, while US demand was so far continuing last year's soft trend. In continental Europe, automotive demand was still robust.

Sales to Japanese car manufacturers around the world more than doubled to £70m in 1989. Mr Lees said new sales to these so-called Japanese "transplant" businesses should help alleviate an overall flattening of demand from the automotive sector.

Mr Lees said that recent initiatives to achieve a shorter working week by UK engineering unions were having only a limited effect on GKN, mainly because union negotiations were decentralised.

He said it was too early to say what effects political changes in eastern Europe would have on GKN's defence-related interests. But he was happy that GKN's products were aimed at defence mobility, an area of the industry which he would expect to be more robust than others.

After £8.8m of redundancy and reorganisation costs, the surplus on trading last year rose by £34.4m to £191.9m.

The improvement was almost entirely organic with acquisitions and disposals, as well as exchange rates, having no material effects.

The dominant automotive and defence activities improved trading profits to £117m (£100m) on sales of £1,373m (£1,282m). A net contribution from related companies of £56.5m (£41.2m) was boosted to £6m by a first-time full-year inclusion of GKN's holding in Westland, the helicopter company.

The industrial services and distribution division made trading profits of £75m (£58m) on sales of £742m (£705m). Scaffolding operations in the UK and Australia provided much of the strength of the division. Automotive parts distribution in the UK was abandoned during the year.

Gearing (net debt and a percentage of shareholders' funds) rose from 35.6 to 44.6, but about half of the increase was attributable to exchange rate movements. Higher interest rates, mainly on D-Mark and US dollar debt, were reflected in net interest payable of £33.6m (£21.1m).

DG Bank announces bond trade accord

By Andrew Fisher in Frankfurt and George Graham in Paris

DEUTSCHE Genossenschaftsbank (DG Bank) said last night that it had reached an agreement with some French banks to put off a decision over which side is legally liable to pay for losses on DM6bn ($3.5bn) of disputed bond trades.

The banks will, in the next twelve months, seek to clarify outstanding legal issues. But it appeared last night that not all of the banks had accepted DG's proposals.

Crédit du Nord, the commercial banking subsidiary of the Paribas group, said it had settled all its differences with DG Bank.

Banque Nationale de Paris, which had DM1.13bn of bonds at stake, Caisse des Dépôts, with somewhat less than DM1bn, and Sogenal are understood to have obtained full repayment from DG Bank, including interest penalties for the delay in completing their transactions.

Other French institutions have rejected the settlement. "DG Bank's proposals are not satisfactory," said Mr Patrick Combes, chairman of the Viel group, whose broking subsidiary was involved as intermediary in many of the disputed transactions.

DG's announcement, which took observers in both Frankfurt and Paris by surprise, follows a series of talks between Mr Helmut Guthardt, DG Bank's chief executive, and the nine French banks involved in the dispute. The controversy over the disputed bond trades arises over the contention that DG bank promised to repurchase German bonds which it had earlier sold to the French banks before the recent bond market collapse which sharply reduced the value of the securities. DG Bank maintained that this oral agreement is not binding. It has already made a provision of DM280m in its 1989 accounts to cover the loss of value on the bonds.

DG Bank said the main element of the agreement with the French banks was that the technical settlement of the outstanding bond trades has been finally resolved. But both sides would still be able to make any legal claims for compensation within a period of 12 months.

DG Bank has said all along that it is not liable to pick up the tab in the dispute following verbal promises made by Mr Friedrich Steil, the bank's former chief bond trader. Mr Steil is under investigation by German federal police for alleged fraud and breach of trust.

British Gas answers call of the wild

David Thomas, Steven Butler and Bernard Simon on the group's expansion in Canada

No one can accuse British Gas of springing a great surprise by announcing the proposed C$1.1bn (US$927m) acquisition yesterday of the Toronto-based Consumers Gas Company, a local gas distribution utility.

Britain's gas utility has made plain its determination to spread its activities overseas ever since its privatisation in 1986.

This policy was underlined as recently as last July when Mr Robert Evans took over the helm of British Gas. The need to reduce its almost complete dependence on the relatively mature British gas market is an article of faith at the company's headquarters, especially now that the industrial gas market is being opened to – albeit limited – competition.

But two question marks yesterday hung over British Gas's attempt to buy Canada's biggest natural gas distributor. The first, and most immediate, was whether the company would be able to overcome the frosty reception its plans are likely to receive from some of the parties which must approve the deal.

Several regulatory hurdles need to be overcome before the deal is closed. British Gas probably has a good chance of eventual success, but it will be a time-consuming business likely to involve tough bargaining.

Mr Denis Mote, oil and gas analyst at Maison Placements in Toronto, predicts British Gas will have a much harder time gaining approval for the Consumers Gas acquisition than for its other big Canadian investment, the 51 per cent stake it acquired in Calgary-based oil and gas producer Bow Valley Industries in 1988.

British Gas does not accept this view, however, arguing that the Canadian restrictions on inward investment are much tougher on exploration and production activities.

Harry Moulson (left) and Charlie Donovan announcing the proposed deal yesterday

All big foreign acquisitions need to be vetted by Investment Canada, the Federal Government's foreign investment watchdog. Ottawa has yet to turn away an investor, but it often imposes conditions on a buyer, covering job security, transfer of technology and other industrial benefits.

One of the Ontario Government's most likely demands is that a minority stake in Consumers Gas continues to be publicly traded in Canada. Mr Robert Evans, British Gas chairman, yesterday professed himself relaxed about this prospect. At present 18 per cent of Consumers Gas is not held by the existing controlling shareholder, GW Utilities.

British Gas acknowledged the hurdles it still faces yesterday by estimating that the deal might not be completed until the early autumn. Mr Harry Moulson, the company's director of new business development, said: "we cannot guarantee that there will not be political issues raised, but we are confident that there will be no regulatory issues."

The second question – assuming that British Gas eventually completes the deal – is whether the investment makes sense.

In the past, investment analysts have raised most doubts about British Gas's acquisitions strategy when it seemed to be leading the company into risky activities or areas it did not fully understand, especially in exploration or production – such as its Bow Valley stake. But the Consumers Gas acquisition cannot be faulted on this score. Indeed, the Canadian company is a secure, but unexciting operation, much like British Gas itself.

The Consumers Gas service area covers the most prosperous part of Canada, including Toronto and the industrial belt around Lake Ontario. The company has added 90,000 new customers in the past two years, bringing the total to a little over 1m.

The buoyant growth of the southern Ontario economy, coupled with the increasing popularity of natural gas, has pushed Consumers Gas's earnings steadily upward. Net income climbed by 7 per cent to C$102.8m in the year to September 1989 on revenues of C$1.6bn.

The Ontario Government still sets gas charges and rates of return, constraining Consumers Gas's ability to derive maximum benefit from cost cutting or increased demand. British Gas said yesterday that Consumers Gas had regularly made a 15 per cent rate of return on equity, which was above the 13.5 per cent basis used by regulators to fix rates.

Mr Jim Doak, analyst at First Marathon Securities in Toronto, said yesterday that these shackles were likely to be loosened over the next few years, a development that would greatly expand Consumers' profit potential.

The feeling that British Gas had made a safe investment was shared in the City. "Strategically the market is happier to see British Gas in this sort of business than in something like the Bow Valley adventure," Smith New Court's Mr Chris Grundniewicz said.

Some analysts were concerned, however, that the deal might result in greater earnings dilution than British Gas had estimated. The company said it was expecting a marginal negative impact on earnings next year, with a positive impact in the following years.

British Gas appeared to lack definitive plans for Consumers Gas, beyond vague intentions of joint work on research and development and marketing. Mr Charlie Donovan, British Gas's managing director for group services, said: "we think the management is very good and don't see any need to change it at all."

The scope for collaboration between Bow Valley and Consumers Gas also seems limited. A move by Consumers Gas to buy gas from Bow Valley would be subject to regulatory scrutiny.

Yet one thing seems clear. Consumers Gas is not the last company which will come within British Gas's acquisitions strategy. "With 25 per cent gearing and a steady and growing cash flow, there is no reason why this should be the end of our acquisitions," Mr Moulson said.

Carlsberg talks to UK brewers with view to further purchase

By Clay Harris, Consumer Industries Editor, in London

CARLSBERG, the Danish brewer, said yesterday it was in discussions with three or four large UK brewers which could lead to the purchase of an additional brewery in Britain. Carlsberg already has a brewery in Northampton.

In London, Grand Metropolitan was the favoured candidate for any such deal, for two reasons:

● *It has signalled an intention* to sell its breweries in return for adding to its network of public houses. Mr Allen Sheppard, chairman, said last month that GrandMet had another potential buyer lined up if negotiations with Elders IXL, the Australian-owned brewer of Courage, were not completed;

● It already produces 30 per cent of the Carlsberg Pilsener sold in Britain under licence at its Mortlake and Halifax breweries, and its pubs sell half the Carlsberg drunk in the UK. The two brewers have a joint distribution operation.

GrandMet declined to comment on Carlsberg's statement or on the status of its talks with Elders, but it appeared certain last night that the Australian company was still by far the front-runner to buy its breweries. The precise structure of the deal is still being discussed, however.

It was thought extremely unlikely that GrandMet would sell breweries to separate purchasers.

An alternative suggestion of Scottish & Newcastle Breweries as a candidate for a deal with Carlsberg was dismissed by sources close to the company.

Although Carlsberg has 28 breweries in 11 countries, the UK accounts for about half of its profits, according to stockbroker Shearson Lehman Hutton. It has about 5.8 per cent of the beer market in Britain and 6 per cent in Europe.

In Copenhagen, Mr Svend Petersen, Carlsberg's international marketing director, said his company did not want to buy any pubs or restaurants.

"We are brewers and we want to stay brewers," he said. British brewers are to be limited to ownership of 2,000 tied pubs, so many are considering which activity to concentrate on.

Mr Petersen said he expected the world's big brewers to continue form strategic alliances cemented through share swaps.

Charterhouse Bank is left with an 11.8% holding in Lowndes

By Maggie Urry in London

CHARTERHOUSE Bank has been left with an 11.8 per cent stake in Lowndes Queensway following the completion of the furniture and carpet retailer's rights issue. Charterhouse is the lead bank to the loss-making retailer, formed by the £450m ($740m) leveraged buy-out of Harris Queensway in August 1988.

However, it is thought that Charterhouse was prepared to take on the £4m equity exposure when it arranged the £35m rights issue as part of a £70m refinancing package in January. The issue left Charterhouse with 81.3m shares having underwritten 87m shares in the rights.

Ordinary shareholders in Lowndes took up only 97.1m (13.9 per cent) of the 700.8m shares on offer under the 218-for-100 rights.

Analysts were surprised that shareholders took up as much of the 5p a share issue as they did, given that the old shares closed yesterday at a price of 4¼p, up ¼p on the day. Following the rights, Lowndes has 687.9m shares in issue, giving the group a market value £29.2m at 4¼p per share.

Charterhouse is already showing a loss on the equity stake; the fully-paid new shares closed at a price of 4p last night.

Lowndes, which has 10 per cent of the UK furniture market, is expected to report a pre-tax loss of £45.5m for the year to January 31,1990, plus exceptional costs of £35m.

The group has been dogged since the buy-out by a slump in sales and higher interest charges as a result of the rise in interest rates.

A first refinancing, including an £18.5m rights issue and an £18m debt payment deferral, was arranged last August. Trading worsened further after that, forcing the group to go back to its bankers again in November.

Under the terms of the rights issue, 400.8m new shares were underwritten. As there was insufficient demand to take up the remaining 300m new shares, and because one underwriter wanted to take loan notes instead of shares, the banks which backed the management buy-out agreed to buy £16.6m of 'A' loan notes, reducing the issue to 367.5m shares. The rest of the refinancing package was a £35m issue of 'B' loan notes.

Enimont to ponder new proposal by Gardini

By Haig Simonian in Milan

THE board of directors of Enimont, the Italian chemicals joint venture, is due to meet today to discuss the massive L10,000bn ($7.97bn) capital increase recently put forward by Mr Raul Gardini in a further twist to the complex affairs of the company.

Immediate acceptance of the idea appears highly unlikely in view of the frosty reception granted by Mr Gabriele Cagliari, the chairman of Eni, the state-owned energy group, which owns a 40 per cent stake in Enimont.

A further 40 per cent is held by Montedison, the private sector chemicals group controlled by Mr Gardini, while the remainder of Enimont's stock is publicly quoted.

The Enimont board may at least set a date, which under Italian law has to be within 50 days, for an extraordinary general meeting of shareholders to consider Mr Gardini's plans.

Mr Cagliari has objected to both the content and manner of presentation of Mr Gardini's proposals. These involve adding Ausimont and Himont – respectively Montedison's specialist fluorochemicals and polypropylene subsidiaries – to the Enimont joint venture, thereby accounting for half the additional capital involved. The rest would come from issuing new shares and convertible debt.

According to Eni, no adequate reasons have been given for the move. Not only has there been no formal objection made to Enimont's current business plan, but no alternative proposals have even been sketched out for the future under Mr Gardini's suggestion, the company argues.

Eni has also pointed out that Montedison rejected the inclusion of the subsidiaries at the time the joint venture was formed last year.

Less clear are the motives behind Mr Gardini's decision to up the stakes in the battle for Enimont.

While firmly pitching the ball into Eni's court, both sides know that Enimont's future can only be resolved by detailed negotiations between themselves.

PolyGram advances 27% despite weakness in US

By Michael Skapinker

POLYGRAM, the music company owned by Philips, the Dutch electronics group, yesterday declared record net income of Fl 333m ($173.8m) for 1989, up 27 per cent from Fl 262m in 1988.

The company – whose artists include Tears for Fears, Ella Fitzgerald, Leonard Bernstein, Placido Domingo and Luciano Pavarotti – said net sales increased by 20 per cent to Fl 4.11bn from Fl 3.43bn a year ago. Operating income went up 35 per cent to Fl 457m from Fl 339m. Net income per share was Fl 2.08 compared to Fl 1.64 last year.

The results include a six-month contribution from Island Records, which PolyGram bought last July. Results from A&M, which PolyGram acquired at the beginning of this year, were not included in the 1989 results.

Last December Philips floated 20 per cent of PolyGram's shares on the Amsterdam and New York stock exchanges. Mr David Fine, PolyGram's president, said yesterday that Philips did not intend to sell any more shares in the foreseeable future. He said a London listing was not envisaged as this would require the sale of at least 25 per cent of the company's shares.

Mr Fine said PolyGram was still weak in the US, although the A&M and Island acquisitions would increase its presence there. They added performers like Sting and U2 to PolyGram's repertoire.

The acquisitions would lift PolyGram's share of the world recorded music market from 15 per cent to 18 per cent, said Mr Fine. He said the company led the European market with a 21 per cent share.

Compact discs accounted for 37 per cent of PolyGram's unit sales last year, up from 29 per cent in 1988. Cassettes made up 43 per cent of 1989 sales, with the declining vinyl record market accounting for the rest.

PolyGram derived 68 per cent of total 1989 revenues from popular music recordings, 20 per cent from classical music and 12 per cent from activities like music publishing and video.

Buoyant Gambro to lift payout

By Robert Taylor in Stockholm

GAMBRO, the Swedish manufacturer of kidney dialysis and intensive care equipment, increased profits (after financial items) by 21 per cent last year to SKr328.2m ($53.45m) from SKr271.3m in 1988. Sales rose 9 per cent to SKr3.1bn from SKr2.9bn.

The board is proposing to increase the dividend to SKr2.40 a share from SKr1.8 a share, a rise of 33 per cent. It will be distributed on May 30. Earnings per share climbed by 43 per cent to SKr8.68 from SKr6.09.

Operating income went up by 26 per cent last year to SKr418.8m from SKr332.7m.

The group said its fifth consecutive year of continued favourable earnings growth reflected the position it had captured during the 1980s as the world's leading medical technology company specialising in renal care.

Gambro added that production capacity has been rationalised still further during 1989 to increase cost efficiency.

It mentioned in particular the centralisation of blood lines production in its Italian plant in Mirandola as well as the new production line installed in the Hechingen plant in West Germany for capillary dialysers.

The group also benefited from the launch of a range of new products during 1989 including AK90, a dialysis machine adapted specifically for the Japanese market; CWP100, a water purification unit designed for dialysis; and System 100, a new system for peritoneal dialysis that reduces infection problems.

Lufthansa eyes stake in Wings

By Andrew Fisher in Frankfurt

LUFTHANSA, the West German national airline, has made an offer to buy a minority stake in German Wings, the small, privately-owned airline which has been competing for business on domestic routes since April.

Lufthansa also said yesterday it had signed a letter of intent to take a 26 per cent holding in Interflug, the East German airline with which it has been holding talks on co-operation and financial help.

Lufthansa says that Interflug would remain independent.

Industry analysts suggested that Lufthansa, of which 51 per cent is state-owned, was aiming for a strategic stake in a small competing airline, just as Air France has done in its own country to neutralise growing competition in the skies. A majority stake by Lufthansa in German Wings would certainly draw the attention of the Federal Cartel Office.

German Wings operates six aircraft and flies between Munich, its base, and the West German cities of Cologne, Düsseldorf, Hamburg, and Frankfurt, as well as to Paris.

Mr Kimmel and his brother Christian have a 40 per cent holding in German Wings, which has not yet reached break-even and now needs more capital to expand.

A further 45 per cent is owned by the investment company of the Burda brothers, Franz and Frieder, whose brother Hubert owns the Burda publishing group. The rest is held by German banks through an investment company.

Aker plans NKr600m equity issue and spin-off

By Karen Fossli in Oslo

AKER, the big Norwegian industrial group, aims to raise more than NKr600m ($91.5m) through an international equity issue of 4.4m non-voting B-class shares and will spin off 51 per cent of Aker Drilling, its offshore oil drilling unit, by spring.

The new placing is to be lead-managed by Kleinwort Benson of London and co-lead managed by Oslo's Sundal Collier Montagu.

Mr Johan Braaten, senior vice president of Aker, said the idea behind spinning off the drilling entity was to spread the risk of that part of the business.

He explained the new share issue was in part to finance the group's increased shareholding in Valenciana de Cementos Portland (CVCP), Spain's largest cement producer, which was boosted to 24.8 per cent from 11.3 per cent in November.

The issue will strengthen the group which currently has an equity to debt ratio of 18.4 per cent.

Aker said it would seek a share listing for Aker Drilling on the Oslo stock exchange. To this end it is to place 51 per cent of Aker Drilling's shares in the market. Existing shareholders in the company will be given preferential subscription rights, along with the new B-shareholders.

Aker said that it had not yet reached agreement with two other major shareholders over the structure and ownership of CVCP. However, discussions were under way.

Postipankki blames fall on interest rates

Postipankki, one of Finland's largest banks, said group profits tumbled last year by 85 per cent to FM76m ($19m) from FM520m in 1988, writes Enrique Tessieri in Helsinki.

State-owned Postipankki cited high interest rates and credit write-offs for the decline. These rose last year by 220 per cent to FM208m, while operating profit plummeted by 38 per cent to FM634m.

Aeritalia looks abroad for acquisition opportunities

By Paul Betts, Aerospace Correspondent

AERITALIA, the Italian state-controlled aerospace group, is looking for acquisition opportunities especially in Europe to internationalise its operations.

"We need to invest in a few more feet outside Italy," says Mr Fausto Cereti, managing director. "Italy is a bit too small for us."

The Italian company, part of the state IRI-Finmeccanica holding, made a significant first move to expand outside Italy last year when it acquired majority control of Dee Howard, a US company based in San Antonio, Texas, specialising in transforming and re-engining commercial aircraft.

Mr Cereti is scouting for other acquisitions in both the US and European markets to strengthen and complement his group's commercial aircraft operations, which now account for nearly 40 per cent of Aeritalia's estimated sales of around L2,250bn ($1.79bn) last year. Company net profits are expected to increase to nearly L100bn for 1989 from L77bn in 1988.

Like other aerospace groups, Aeritalia expects to see its commercial aircraft operations continue to grow and account for an increasing share of overall company sales.

"We have given up any idea of growth in the defence market," says Mr Cereti, who also expects a delay in the launch of the production programme for the new European Fighter Aircraft (EFA) in which Aeritalia has a 21 per cent share.

In the buoyant commercial aircraft business, Aeritalia has positioned itself in two niches – the regional airline market and the big jet-liner market – as a specialised supplier of airframe sections and components to the leading civil jet aircraft manufacturers. It supplies Boeing and McDonnell Douglas in the US, and recently became a supplier to the European Airbus consortium.

Fausto Cereti: Italy is a bit too small for Aeritalia

The Italian company's co-operation in key jet-liner programmes started 24 years ago with McDonnell Douglas on the DC-9 and DC-10.

Aeritalia is now working on the US group's MD80 twin-engine jet and the new MD11 tri-jet. It plans to participate in the MD90 twin-engine jet programme as well as the future MD12, a stretch of the MD11.

Co-operation with Boeing started 12 years later on the Boeing 767 twin-engine jet. Now, another 12 years on, Aeritalia is to provide the European Airbus consortium with fuselage parts for the new A321 programme, involving a stretched version of the best-selling A320 twin-engine 150 seater aircraft.

"We chose not to be a leader company in the big commercial aircraft market but to specialise in supplying sections to these programmes. We offer our technology, engineering and product-quality services to everybody in a market where demand is strong," Mr Cereti says.

Aeritalia has now built a solid reputation as a reliable supplier and risk-sharing partner in several major airliner programmes.

"It has always been something of a wonder how Aeritalia has managed to deliver always on time when you consider the overall Italian industrial and political scene," comments one of Aeritalia's big US customers.

In the regional and commuter aircraft market, Aeritalia has built a strong presence with Aerospatiale, the French state-owned aerospace group, in the joint Franco-Italian ATR regional turbo-propeller aircraft venture. "With the ATR42 and the ATR72 we have gained about 25 per cent of the world market for commuters," says Mr Cereti.

Aeritalia is now studying with Aerospatiale the possibility of stretching the ATR further. It is also looking at the possible joint development with Aerospatiale and Casa of Spain of a new 100-seater regional jet-liner which would compete against the Dutch Fokker 100 and the British BAe 146 jets.

Mr Cereti says there appears to be a demand for such a jet in Europe. "We see a preference for turbo-props in the US in this market segment where they are used by airlines as feeder aircraft, while in Europe we think jets with a longer range and offering more comfort are more interesting," he explains.

However, the regional aircraft market is fiercely competitive and Aeritalia and its other European partners are still weighing up all their options. "A decision is still some months away," Mr Cereti concedes.

COMPANY NEWS IN BRIEF

OLIVETTI, the Italian office equipment group, said Mr Luigi Mercurio had stepped down as managing director of its Olivetti Systems and Networks division over "differences about company strategy," Reuter reports. Mr Vittorio Cassoni, Olivetti's Italian computer group's managing director, is assuming Mercurio's responsibilities.

■ Veba, the diversified West German conglomerate, said that 1989 group net profit provisionally rose 13.6 per cent to DM1.25bn ($736.3m) and expects continued satisfactory business in 1990.

■ Saab Automobile, the car joint venture between General Motors and Saab-Scania, plans to cut about 1,000 jobs during 1990 and 1991. Around 2,000 jobs have been cut since June 1989. The present workforce numbers 17,500.

INTERNATIONAL COMPANIES AND FINANCE

Matchmaking on the Hollywood set

Alan Friedman looks at the latest of Kirk Kerkorian's agreements to sell MGM/UA

Has Mr Kirk Kerkorian finally met his match? Or has the enigmatic 73-year-old billionaire son of Armenian immigrants – the majority owner of the legendary MGM/UA Hollywood film and television studio – merely made another match?

This is what the residents of Tinsel Town are asking themselves after yesterday's official announcement that Mr Kerkorian has agreed - yet again - to sell MGM/UA, this time to Mr Giancarlo Parretti, the Italian financier.

Heads are being scratched in Hollywood for a variety of reasons, not least because Mr Kerkorian has touted MGM/UA for sale so many times in recent years, always pulling out at the last minute. Doubters also wonder if Mr Parretti, who has expressed repeated interest in acquiring MGM/UA, can come up with the cash. He says he can and will and is pledging $200m of security money as a sign of good faith.

In the 21 years since Mr Kerkorian bought control of Metro-Goldwyn-Mayer (United Artists was acquired for $380m in 1981 and merged with MGM) he has spun off, sold, re-bought and generally shuffled assets with a great fervour. The result, say studio chiefs in private, is that poor old "Leo the Lion," the symbol of MGM, is looking distinctly mangy.

Mangy or not, Mr Kerkorian's latest deal calls for Pathé Communications, the small Hollywood studio that was still known as the Cannon Group when it was rescued by Mr Parretti last year, to pay $20 a share in a public tender offer, or nearly $1.3bn.

Mr Kerkorian has promised to tender his 80 per cent of MGM/UA stock. Yesterday the MGM/UA share price stood at $17⅞, a rise of $3⅜.

MGM/UA comes not only with a 1,000-title film library including 16 James Bond movies and the Rocky and Pink Panther series, but also approximately $400m-worth of debentures and $200m of non-interest bearing supplier debts.

This means that Mr Parretti, a 50-year-old native of Orvieto in central Italy, is embarked upon a deal worth $1.9bn.

In Hollywood they say anything is possible, but that one should never, never buy anything from Mr Kerkorian, the obsessive and whimsical deal maker and asset shuffler.

Last year Mr Kerkorian virtually paralysed MGM/UA in the wake of two collapsed deals; the $1.5bn takeover by Qintex of Australia, which failed to come up with the cash in time, and a $1.35bn offer from Mr Rupert Murdoch's News Corp.

But Mr Parretti, no stranger to controversy - he has raised eyebrows about the source of his funding - is undaunted by the septuagenarian deal-maker's famed penchant for corporate poker.

Mr Parretti dismisses the curiosity over his financial backing as an example of the establishment reacting to a newcomer.

His funding, he says, comes from his business partnerships in Europe with Mr Florio Fiorini, a Geneva-based financier with whom he jointly owns 88.5 per cent of Pathé Communications.

"This has been a difficult negotiation," says Mr Parretti of the MGM/UA deal, pausing to sip cappuccino amid the luxury of his Beverly Hills mansion. "It has been like getting an elephant to give birth."

Now that the elephant is giving birth to an Italianised version of Leo the Lion, Hollywood is beginning to wonder how Mr Parretti will finance the deal.

No problem, says the newest mogul, a man who arrived here less than three years ago and has already made a splash by steering Cannon away from losses, hiring Mr Alan Ladd Jr and then buying control of Pathé Cinema of France.

Pathé is believed to have broken even last year on about $400m of revenues, half of which came from the group's 1,000 cinemas in Europe. MGM/UA meanwhile, in spite of having box office hits such as Rain Man and A Fish Called Wanda, turned in a $74.7m net loss on $876.5m of revenues in the financial year ended last August 31.

Mr Parretti's financing plan for the $1.26bn tender offer for MGM/UA is understood to include the raising of $300m cash from the sale of Renta Inmobiliaria, a Spanish real estate company he owns in partnership with Mr Fiorini.

A further $200m may then be raised by trying to form a mini-consortium of European companies that would finish with minority holdings in MGM/UA; among these could be the Rivaud Group of France, which, with Mr Parretti, is already a partner in Pathé of France.

Mr Parretti says that if he can add MGM/UA to his other holdings it would create "a bridge between the US entertainment industry and the European market."

The largest chunk of cash, however, would be raised by selling the worldwide distribution rights to the UA film library and some home video and foreign rights to the original MGM library, which was sold in 1986 to Mr Ted Turner, the Atlanta-based cable television magnate.

Mr Parretti has been negotiating for several weeks to sell these distribution rights for $400m to $600m to Time Warner, the leading media and entertainment group. Those talks were believed to be still under way yesterday.

Clearly there are a number of uncertainties for both Mr Kerkorian and Mr Parretti. As an executive close to the deal put it: "The clock is ticking and a whole series of sub-deals have to fall into place pretty quickly in order to keep up the momentum and keep paying Kerkorian."

Others in Hollywood point out that given past Kerkorian "sales" of MGM/UA, the agreed Pathé acquisition "will only be complete when there is a closing, and that could take months."

If and when that closing does take place the maverick Italian financier should find his Hollywood credibility substantially enhanced. In the meantime the latest episode of the long-running MGM/UA show is now under way, starring the redoubtable Mr Kerkorian and the determined Mr Parretti.

Kirk Kerkorian: obsessive and whimsical deal maker

Pathé pledges $200m as security

PATHÉ Communications said yesterday it had pledged a $200m security deposit, to be placed in escrow, as part of the agreement it had reached with MGM/UA to make a tender for 100 per cent of the Hollywood studio's common and preferred stock.

The first $50m deposit, to be followed by three more equal instalments between April and June, is to be made tomorrow.

Pathé has also agreed to grant MGM/UA a security interest in up to $75m of the net distribution proceeds of certain motion pictures as additional security. The Pathé-MGM/UA deal has now been approved by the boards of both companies and Mr Kirk Kerkorian has agreed to tender all of the MGM/UA stock owned by his Tracinda Corporation, which amounts to 71.7 per cent of MGM/UA.

The Lincy Foundation, which Mr Kerkorian also effectively controls, has agreed to tender its 9.9 per cent shareholding in MGM/UA.

The tendering of all of the 63m MGM/UA common and preferred shares, including Mr Kerkorian's stock, would place a $1.26bn value on the tender. In addition MGM/UA has $393m of debentures and is believed to have another $200m of non-interest bearing supplier debt.

CRA pessimistic despite third year of record earnings

By Chris Sherwell in Sydney

CRA, the Australian resources group 49 per cent-owned by RTZ of the UK, yesterday reported its third successive year of record profits, but suggested it was unlikely to repeat the performance in 1990.

Results for the 12 months to December showed after-tax equity-accounted earnings of A$648.4m (US$489m), up 28 per cent from A$504.7m. The 1988 figure has been adjusted upwards under new accounting standards covering extraordinary and abnormal items.

Earnings per share were 113.1 cents, up from 89.5 cents, and directors declared a fully franked final dividend of 38 cents to make 58 cents for the year, up from 42 cents.

Before the equity contribution of Pasminco – CRA's 40 per cent-owned base metals joint venture with North Broken Hill Peko – the group's earnings were actually lower at A$542m, including A$77m of abnormal items.

Overall sales revenues were also down, to A$4.97bn from A$5.31bn.

The group blamed the falls principally on the shutdown of the Bougainville Copper gold and copper mine in Papua New Guinea, which contributed A$16.5m in losses, and on lower aluminium prices which, together with a strike in the US, cut by a third the profit contribution from Comalco, its subsidiary.

Offsetting this, apart from Pasminco's higher earnings, were stronger profit contributions from CRA's iron ore, coal, diamonds and salt activities.

The resulting overall improvement was an illustration of CRA's strength, Mr John Ralph, managing director, said yesterday.

But he also indicated that the group would have difficulty matching this performance in 1990, chiefly because of slower world economic growth and Bougainville's continued shutdown. Last month's A$102.5m insurance recovery would ameliorate the effects of the closure, but it was unclear when the company would be able to resume production, he said.

The A$77m in abnormal items included profits from the sell-down of CRA's Pasminco holding to 40 per cent from 50 per cent, offset by the personnel and repair costs relating to the Bougainville closure.

During the year the group spent A$671m on new projects and investments, including the purchase of BP Australia's coal operations, construction of the Channar iron ore mine in Western Australia and construction of the Kaltim Prima Coal project in Indonesia.

On top of its expanding interests in Indonesia and Papua New Guinea, the group also revealed yesterday that it had spent US$15m on a 30 per cent interest in an underground gold and copper deposit in the northern Philippines. The major shareholder is Lepanto Consolidated Mining.

CRA now has gross debts of A$1.06bn and cash and short-term investments of A$203m.

Gearing, measured as debt (net of cash) as a percentage of debt and equity, fell to 14.9 per cent from 18.4 per cent.

On an otherwise lacklustre stock market, the results provoked a positive response and CRA shares finished 25 cents higher at A$12.15.

● Galactic Resources has sold 75 per cent of its 40 per cent stake in Far Southeast Gold Resources, to a wholly-owned unit of CRA for US$15m, Reuter reports from Vancouver.

CRA has an option to purchase the remainder of Galactic's interest for $20m until May 1 1990, and for $25m until October 28.

Far Southeast Gold, which Galactic jointly owns with Lepanto Consolidated Mining, owns the right to mine a gold/copper property in Benguet province in the Philippines.

Businessland dispute resolved by Compaq

By Louise Kehoe in San Francisco

COMPAQ Computer has resolved its disagreements with Businessland, one of the leading US computer retailers, and reversed its earlier action to stop selling its personal computers through Businessland outlets in the US.

The companies announced yesterday that Compaq has authorised Businessland to sell and service all of its products. A year ago, Compaq severed its long-standing reseller agreement with Businessland.

The agreement will strengthen Compaq's distribution network and make it more difficult for smaller personal computer manufacturers to compete in the US market, analysts said.

"The reasons for the separation have been eliminated," Mr Mike Swavely, president of Compaq's North American operations, said.

Problems between Compaq, the second largest US personal computer manufacturer after IBM, arose last year when Businessland obtained a special discount arrangement from IBM. "Businessland took actions that tilted the playing field," Mr Swavely said.

Businessland's sales force favoured competing IBM products, he said. "We felt that our products were on the shelf only as a tool against which competing products could be sold."

At the time, Businessland said it would replace the Compaq product line with other personal computers and it did not anticipate a significant impact from the cancellation of its agreement with Compaq.

More recently, however, Mr David Norman, president of Businessland, acknowledged that the loss of Compaq products had had a negative impact upon Businessland sales.

Compaq, which is represented by hundreds of other computer sellers in the US, did not feel any significant impact upon its sales after the break with Businessland, Mr Swavely said.

He said Compaq had signed a "standard" authorisation agreement with Businessland and that no special discounts were involved.

"We are now convinced that Businessland intends to offer our products on a balanced basis," he explained.

The move also represents a setback for IBM, but is not expected to have a major impact upon IBM personal computer sales.

Financial services sale boosts Paramount

By Karen Zagor in New York

PARAMOUNT Communications, the US entertainment and publishing group, reported improved net income from continuing operations, thanks to interest income on proceeds from the sale last October of its profitable financial services subsidiary.

In the first quarter to end-January 31, the New York-based company had net profits from continuing operations of $21.2m or 17 cents a share, compared with $11.7m or 10 cents a share a year earlier.

Paramount said the latest quarter's results included net interest income of $37.9m from the investment of proceeds of the $3.35bn sale of The Associates, its financial services unit, to Ford Motor. Both sets of operating results excluded profits of The Associates.

The overall net was $21.2m in the latest quarter and $69.2m, or 58 cents a share a year earlier, which included The Associates' contribution of $57.5m.

Revenues in the 1990 first quarter advanced 9 per cent to $844.6m from $773.1m a year earlier.

Mr Martin Davis, Paramount's chairman and chief executive, said the company had not changed its projections for 1990 earnings of between $2.10 and $2.60 a share.

However, he added: "In product-driven businesses such as ours, the achievement of any forecast is highly dependent on the performance of new products."

Paramount, which used to be known as Gulf + Western, said sharp gains from its television operations, particularly from the company's Home Video operations, were offset by lower operating income from its motion pictures business.

The company's publishing business reported higher operating losses in the 1990 first quarter, although these were in line with earlier projections.

The increase in operating losses was attributed to a change in accounting procedures. Gains in the higher education, consumer and international operations of publishing were more than offset by traditional seasonal losses in school and supplementary education operations and lower earnings in the professional information group.

Hilton Hotels shares fall after disappointing takeover offers

By Anatole Kaletsky in New York

THE SHARES of Hilton Hotels fell sharply again yesterday as the company's board met in Beverly Hills to consider financial strategies in the face of a disappointing set of takeover offers.

The shares fell by $4⅝ to $61⅞ in active trading on Wall Street, giving up the gains they had achieved in recent weeks after the revival of bid speculation.

Hilton had been for sale since last summer. But arbitrageurs said yesterday that the level of takeover interest in its hotel and casino properties had apparently been so disappointing that the board might be considering taking the company off the auction block.

The only serious proposal was said to be a bid worth between $60 and $70 a share, or about $3.5bn, from JMB Realty, a Chicago-based property management company backed by numerous pension funds and other institutional investors.

Chief executive of Koor unit resigns

By Hugh Carnegy in Jerusalem

THE CHIEF EXECUTIVE of Tadiran, the main subsidiary of Israel's heavily indebted Koor Industries, resigned yesterday as the electronics company fought to survive big losses.

Mr Yossef Maayan said he was quitting because the company's creditors refused to extend new lines of credit to cover a cash flow shortage and workforce opposition to planned job cuts.

Losses last year estimated at more than $100m incurred by Tadiran, which makes military electronics and consumer electrical goods, pitched its trade union-owned parent close to bankruptcy just as Koor appeared to be pulling clear of previous liquidation threats. Koor is embroiled in negotiations with foreign and Israeli holders of its billion-dollar debts on a write-off and rescheduling formula to allow it to stay in business. It had intended to sell Tadiran to staunch its gaping cash flow deficit, but these plans have been shelved while talks with the creditors go on.

Tadiran is seeking $50m in short-term coverage from its banks which have spurned recovery plan as inadequate.

Gandalf Technologies in the red

GANDALF Technologies, the Ottawa-based communications equipment maker, suffered a total loss of C$12.4m (US$10.5m) in the first half ended January 27, following a sharp downturn in its US business, writes Robert Gibbens in Montreal.

Gandalf, known for automated taxi-dispatch equipment in North America, maintained writedowns, staff reductions and other cutbacks in its US division will bring a turnround in the second half.

AGF in agreed deal for Canadian Surety

By George Graham in Paris

ASSURANCES Générales de France (AGF), the French state-owned insurance company, has agreed to buy 100 per cent of Canadian Surety, a Toronto-based accident insurer, from the Can West Capital group, owner of the Global Television Network.

Mr Jean-Daniel Le Franc, AGF's joint managing director, said the price represented around half Canadian Surety's annual premium income of C$130m (US$110m).

AGF already owned 88 per cent of the much smaller Insurance Group of Canada West, based in Edmonton, Alberta. Canadian Surety, which has around 1 per cent of the Canadian accident insurance market, has a strong presence in Ontario and Quebec.

As a state-owned group, AGF has difficulty in obtaining access to the US insurance market, so Canada is an important element in its North American coverage.

The group, which made net profits of FFr2.4bn ($417m) last year on total premium income of FFr38.5bn, has been building up its international network through a series of relatively small acquisitions, including recently Insurance Corp of Ireland and National Employers' Mutual in the UK.

● Carrefour, the leading French supermarket group, has reported a 30 per cent rise in net profits to FFr1.18bn, on sales 14 per cent higher at FFr73.9bn.

The company said its French hypermarkets had continued to gain market share, but that its Brazilian and Spanish operations had increased their weight within the group.

Carrefour's US retailing activities are not yet profitable, but losses were reduced from 1988 and their results were seen as "satisfactory," in line with the company's projections.

RJR Nabisco to sell Brazilian arm of RJ Reynolds to Dibrell Brothers

By John Barham in Sao Paulo

RJR NABISCO, the US food and tobacco giant, is to sell the Brazilian subsidiary of RJ Reynolds, its tobacco division, to tobacco traders Dibrell Brothers of the US.

Dibrell is expected to pay $50m for the subsidiary. It intends to sell the cigarette operations to Philip Morris, the US cigarette group, and the tobacco processing operation to Universal Leaf of the US.

Dibrell will keep RJ Reynolds' tobacco trading arm, while Philip Morris will take over RJ Reynolds' local brands, but not its international brands, which will cease to be produced in Brazil.

Philip Morris said the acquisition will enable it to double its local market share and reduce costs by increasing economies of scale. Souza Cruz, a BAT Industries subsidiary dominates the Brazilian market with an 80 per cent market share.

Mr Thomas McDougall, president of RJ Reynolds' Rio de Janeiro-based company, said they were selling because it was so costly to distribute in Brazil.

"There are 380,000 outlets across this vast country. Pricing is at very low margins and it is very troublesome to get price increases to cover costs."

RJR has not made a profit in Brazil during its 15-year-operation in the country.

Settlement will be made in the US because the subsidiary is a branch of a Wilmington-based unit specially set up to control the Brazilian subsidiary, thus avoiding exchange control difficulties.

RJ Reynolds claims 9.4 per cent of the $3bn local market. It had turnover of $300m and a loss of $10m in 1989.

INTERNATIONAL CAPITAL MARKETS

Australian watchdog hits at corporate regulation

By Chris Sherwell in Sydney

A POWERFUL attack on the "politicisation" and confused future of Australian corporate regulation has come from Mr Tony Hartnell, chairman of the new Australian Securities Commission, the watchdog which is to replace the existing National Companies and Securities Commission.

His comments, to the Commercial Law Association in Victoria, come at a crucial time. The federal election has precluded essential amendments to legislation establishing the ASC, jeopardising its scheduled July start-up. Furthermore, the business sector is alarmed at the deteriorating image of the country's regulatory standards.

The core problem is the failure of Australia's federal and state governments to agree on a simple and effective institutional structure for corporate regulation. The new ASC – intended to be a single national agency rather than a co-operative one like the NCSC – is in trouble because of objections, recently accepted by the High Court, from three states.

Jumping into the controversy, Mr Hartnell condemned the failure to develop "an Australian position" when all the pressures were to regulate according to international standards. He pronounced himself "strongly opposed" to any renewed split in responsibilities for corporate regulation.

In particular, he drew attention to the fundamental difference between the present situation, where a council of government ministers exercised total oversight and control of the NCSC, and the ASC's status as an independent statutory corporation reporting to parliament and taking decisions independently of political direction.

In one pointed remark concerning the troubled Bond group of companies, he declared: "The overlay of politics in the present scheme has clearly been demonstrated in recent times by the politicisation of the decision to appoint a special investigator into the affairs of Bond Corporation Holdings and its associated companies.

"There is absolutely no logical reason why a decision of this kind needs to be taken at a political level. Indeed, the elevation of this sort of decision to a political level has very real ramifications upon the public perception of the corporate regulatory processes."

Even bigger than the political problem, he said, was the defective administration of the existing scheme, in which the behaviour and treatment of the states' Corporate Affairs Commission (CAC) was different, in spite of being arms of the NCSC.

According to Mr Hartnell, the problems would never be solved until the NCSC (or ASC) and the CACs were moulded into a close amalgam – "and there is no better amalgam than unity." A split of responsibilities, he declared, would take Australia "substantially backwards."

Bahrain attacks banking rules

By Hunter Reynolds in Bahrain

THE 1988 Basle accord on capital adequacy for banks has come under fire for placing most Gulf states in a high-risk category.

Sheikh Ebrahim Khalifa al Khalifa, deputy governor of the Bahrain Monetary Agency, said at a meeting of bankers: "Regrettably, the Group of Ten has decided to apply a higher risk rating to loans extended by banks in their countries to almost all non-OECD countries. It does not reflect reality and discriminates against a country like Bahrain."

However, Sheikh Ebrahim indicated that the Basle ratio would be introduced by the Bahrain Monetary Agency for Bahrain-based banks.

Under the terms of the accord, which comes into effect in 1992, banks lending to high-risk countries will have to cover 8 per cent of the value of the loan in the form of increased capital or provisions. The rule will increase the cost of borrowing for Arab governments and institutions.

The increased risk rating is said to reflect the higher transfer risks. However, the Bahraini official pointed out that the Gulf state had never operated restrictions on outside payments and did not intend to do so in future. Talks have been held in an attempt to reclassify Gulf states.

Local bankers say the agency's concern reflects anger felt by other Gulf states, in particular Kuwait and the UAE. Saudi Arabia is the only Gulf state exempt because of its pledge to provide funds for the IMF. "It is ridiculous that oil-rich Gulf states should be categorised as high-risk while countries such as Turkey are low-risk," one said.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on March 7

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 8⅝ 96	750	95⅞	96⅛	+0⅛	-1	9.39
Alberta 9⅝ 95	600	100	100⅜	+0⅛	-0¼	9.26
Austria 9⅛ 95	140	101	101⅜	0	-0⅛	9.08
B.F.C.E. 8⅞ 94	175	96¾	97⅛	+0⅛	-0⅛	9.20
B.F.C.E. 9¼ 95	150	99½	100⅛	+0⅛	-0⅛	9.26
Brit. Tel. Fin. 9⅝ 98	250	†99⅝	99⅞	+0⅛	-0⅛	9.42
Canada 9 96	1000	99⅞	100⅛	+0⅛	-0⅛	8.97
C.C.C.E 9⅛ 95	300	99⅝	100⅛	0	-0⅛	9.25
Cr.Local France 8⅞ 99	250	95⅞	96⅛	+0⅛	-0⅛	9.46
Credit National 7⅛ 92	100	96⅝	97⅛	0	-0⅛	[illegible]
Credit National 9⅝ 92	160	†100½	101⅛	0	-0⅛	9.06
Denmark 8¼ 96	150	†95⅝	96⅛	0	-0⅛	9.40
E.E.C. 7 91	100	96⅝	97⅛	0	0	8.90
E.E.C. 10 93	140	†102	102⅜	0	-0⅛	9.16
E.I.B. 8½ 99	150	94½	95	+0⅛	-0⅛	9.35
Eurofima 10⅛ 98	100	†102	102⅜	0	-0⅛	9.28
Elec. De France 9⅛ 99	200	†100⅜	100⅞	+0⅛	-1⅛	9.44
Euro.Credit Card Tst.9 95	750	97⅝	98⅛	0	-0⅛	9.55
Finland 9 96	250	98⅝	99	-0⅛	-0⅛	9.28
Finn.Exp.Cd. 8⅛ 92	200	98⅛	99⅛	0	-0⅛	9.13
Finn. Exp. Cd. 9⅝ 95	200	†99⅜	100⅛	0	-0⅛	9.38
Ford Motor Credit 8 91	250	†98⅛	99⅛	0	0	9.09
Gen.Elec.Cap.Crp.10 1/2 91	300	101⅛	101⅝	0	-0⅛	9.03
G.M.A.C. 8⅛ 94	500	†96½	97	+0⅛	-0⅛	9.41
G.M.A.C. 9 96	300	97⅛	97⅞	+0⅛	-0⅛	9.55
Gen.Mtrs.Corp. 9⅛ 92	200	†99½	100	+0⅛	-0⅛	9.20
Honda 9⅝ 97	300	99⅛	99⅝	+0⅛	0	9.72
IBM Credit Corp. 8⅞ 92	400	98⅞	99⅜	0	-0⅛	8.97
IBM Credit Corp. 8⅞ 91	250	†99⅞	100⅛	0	+0⅛	8.99
IBM Credit Corp. 9 92	250	99½	100⅛	0	-0⅛	9.02
IBM Credit Corp. 9⅛ 92	250	100⅝	101⅛	0	-0⅛	8.99
Italy 8½ 94	1500	97	97⅝	0	-0⅛	9.20
Italy 9½ 95	1000	100⅞	101½	+0⅛	-0⅛	9.22
Italy 9⅝ 99	1000	100⅞	101⅜	0	-1⅛	9.45
Itoh C. W/W 4⅛ 94	1000	97⅛	98⅜	-5⅛	-4⅛	5.16
Japan Dev. Bank 10 96	200	102⅝	103⅛	0	-0⅛	9.36
KFW Intl. Fin. 9 94	300	98⅝	99⅜	+0⅛	-0⅛	9.25
L.T.C.B.of Japan 8⅞ 96	200	96	96⅜	+0⅛	-0⅛	9.50
L.T.C.B.of Japan 9⅛ 92	200	†99⅞	100⅛	0	-0⅛	9.32
New Zealand 9 94	850	98⅛	98⅜	-0⅛	-0⅛	9.43
Nippon Tel.&Tel. 8½ 96	200	95⅝	96	+0⅛	-0⅛	9.36
Nippon Tel.&Tel. 9⅝ 98	250	99⅝	100	+0⅛	-1	9.43
Norway 8⅞ 93	500	†99	100	0	-0⅛	8.95
Oesters Kontbk. 9⅛ 94	350	†99⅞	100⅛	0	-0⅛	9.46
Sumitomo Corp. W/W 4 93	1500	†107	108⅛	+0⅛	-1⅛	1.57
Sweden 8⅞ 96	200	97⅛	98⅛	+0⅛	-0⅛	9.19
Toyota Mtr.Corp. W/W 4 93	1500	†100	101½	-0⅛	-0⅛	3.75
Victorian Rep 11⅛ 92	150	104	104⅜	0	-0⅛	9.38
Union Bk. Switz. 9⅛ 02	225	97⅛	97⅞	+0⅛	-0⅛	9.50
World Bank 8⅞ 99	1500	95⅛	96	+0⅛	-1	8.87
World Bank 9 97	300	†98⅞	99⅛	+0⅛	—	9.20
World Bank 9 93	300	100	100½	0	-0⅛	—
World Bank 9⅛ 98	300	99⅛	99⅝	+0⅛	-0⅛	9.32
World Bank 9⅝ 99	500	101⅛	101⅞	+0⅛	-1⅛	9.34
World Bank 9⅞ 96	300	†101⅛	102	0	-1	9.32

Average price change... On day -0⅛ on week -0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	87½	88	+0⅛	+0½	9.27
Austria 6⅛ 99	750	†84⅞	85⅛	-0⅛	-1	9.25
Bk.Frgn.Econ.USSR 7 96	750	*85½	85⅞	0	0	10.33
Bank of Tokyo 5⅛ 93	100	91	91½	+0⅛	+0½	9.24
Commerzbank o/s. 5⅛ 93	300	90⅞	91⅛	0	+0⅛	9.10
Credit Foncier 6⅛ 99	500	†83⅞	84⅛	-0⅛	-1⅛	10.60
E.I.B. 6⅛ 99	600	[illegible]	82⅞	0	-0⅞	9.23
E.I.B. 6½ 99	300	†83⅞	84⅛	+0⅛	-2	9.19
E.I.B. 6⅝ 96	600	88	88½	-0⅛	-1½	9.22
E.I.B. 6⅞ 95	300	89⅞	90⅛	+0⅛	+0⅛	9.19
E.I.B. 8 2000	500	94⅛	94⅞	0	-0⅛	8.83
Euro.Coal& Steel 7⅛ 94	100	†95⅞	96⅛	-0⅛	-2	8.79
Eurofima 6⅛ 96	100	85⅛	85⅞	-0⅛	+0⅛	9.36
Elec De France 5⅞ 97	300	80⅞	81⅛	+0⅛	-0⅛	9.44
Hydro-Quebec 6⅛ 99	300	†84⅛	84⅝	0	-0⅛	9.38
Japan Dev. Bk. 5⅛ 95	300	†83⅞	84⅛	-0⅛	-0⅛	9.40
Japan Finance 5⅛ 97	100	81⅛	81⅞	-0⅛	-0⅛	9.50
I.A.D.B. 7⅛ 99	300	87½	87⅞	0	-1⅛	9.28
Ireland 6½ 97	300	84	84½	-0⅛	-1⅛	9.64
Ireland 7⅛ 99	500	86⅛	86⅞	+0⅛	-0⅛	9.46
Malaysia 6⅛ 94	150	91⅞	92⅛	0	-0⅛	8.52
Nat. West BK. PLC 6 98	300	†80½	81	-0⅛	-0⅛	9.49
Nippon Telg.&Tel. 6 95	400	†86⅛	86⅝	0	+0⅛	9.31
Oesters. Kontbk. 5 93	300	89½	90	0	+0⅛	9.17
Portugal 5⅛ 92	150	92⅛	92⅞	+0⅛	+1⅛	9.28
Portugal 6⅛ 95	150	88⅛	88⅞	+0⅛	-0⅛	9.39
Royal Insurance 5½ 92	300	92⅛	92⅞	-0⅛	-0⅛	9.61
Turkey 6½ 95	500	†86⅛	86⅞	-0⅛	-1⅛	9.91
Union Bk.Finland 5½ 94	200	†87	87½	-0⅛	-0⅛	9.59
World Bank 6 98	500	†81	81⅛	-0⅛	-0⅛	9.26
World BK. 6⅛ 97	600	[illegible]	84⅛	0	-1	11.13
World Bank 6⅛ 99	600	84⅛	84⅝	0	-1⅛	9.30

Average price change... On day -0⅛ on week -0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†84½	85	+0⅛	+0⅛	8.14
Asfinag 5 03	100	†81	82	0	+0½	7.18
B.F.C.E. 4½ 98	200	†82⅞	83⅛	+0⅛	+0⅛	7.28
B.M.W.Fin.Neth. 5 13	150	†73	74½	-0⅛	+0⅛	7.40
Britannia B/S. 4⅛ 94	100	†85	86	0	+0⅛	8.43
CIR. Int. W/W 3 93	125	†83	83⅛	+0½	+0⅛	9.02
Credit Lyonnais 4⅞ 00	100	†78	79	-0⅛	0	7.89
E.I.B 4⅛ 98	150	†82	82⅛	0	-0½	7.58
Finn. Exp. Cd. 8⅛ 92	75	†96	97	-0⅛	-0⅛	9.81
Fletcher Chall. 4⅝ 98	150	†74⅛	75	-0⅛	-0⅛	9.48
I.A.D.B. 6 2004	200	†88	89	-0⅛	-0½	7.30
Kobe City 4⅛ 98	150	†82½	83⅛	+0⅛	-0⅛	7.48
Leeds Perm. B/S. 4⅛ 93	200	†87	89	-0⅛	+1⅛	8.49
Malaysia 5⅛ 98	100	†80	80⅛	+3½	-0⅛	8.69
Maxwell Comm.Crp. 5 95	150	†81	81⅛	+0⅛	+0½	9.73
Nat.Bk. Hungary 5½ 94	75	†83⅞	84	0	-1	9.87
Nationwide Ang.B/S. 4 93	200	†86½	87	-0⅛	-0⅛	8.81
Prov. Newfoundland 5 03	150	†79½	80	0	+0⅛	7.39
Thailand 4⅛ 95	200	†83	83⅛	-0⅛	+1⅛	8.69
World Bank 5 03	150	†82½	81⅞	-0⅛	-0⅛	7.17

Average price change... On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 92	80	98⅞	99⅛	-0⅛	-0⅛	7.07
Canada 5⅛ 93	80	95⅛	96	-0⅛	-0⅛	7.02
Cr.Local France 6⅛ 94	300	95⅛	96	-0⅛	-0⅛	6.64
Denmark 6⅛ 95	300	95⅛	95⅞	-0⅛	-0⅛	6.65
E.I.B. 4⅞ 93	30	94⅛	94⅞	-0⅛	-0⅛	7.08
Norway 5⅛ 95	50	91⅞	92⅛	-0⅛	-0⅛	7.05
Sweden 4⅞ 93	50	93	93⅛	-0⅛	-0⅛	7.10
World Bank 5⅛ 95	10	87⅞	88⅛	-0⅛	-0⅛	7.16
World Bank 7 94	20	100	100⅛	-0⅛	-0⅛	6.92

Average price change... On day -0⅛ on week -0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10⅛ 94 C$	150	92⅛	92⅞	+0⅛	-0⅛	12.50
Abbey Nat. 11⅛ 93 £	100	92⅞	93⅛	+0⅛	-1⅛	14.78
Aegon 7⅛ 92 Fl	100	97⅞	98⅛	0	0	8.05
Alg. Bk. Ned. 5⅛ 93 Fl	200	90⅞	91⅛	0	-0⅛	9.24
Austria 7½ 94 ECU	100	88⅞	89⅛	-0⅛	-0⅛	10.96
Barclays Aus.13½ 91 A$	100	96⅛	97⅛	+0⅛	-0⅛	15.77
Belgium 8⅛ 94 Ecu	150	90⅛	90⅞	-0⅛	-1⅛	11.25
Bell Canada 10⅞ 04 C$	200	92⅛	93⅛	0	-0⅛	11.91
BP Capital 9⅛ 93 £	100	88⅛	88⅞	+0⅛	-1	14.60
British Airways 10 98 £	100	82⅛	82⅞	+0⅛	-2⅛	13.74
Brit. Telecom 9½ 93 £	150	†88⅞	89⅛	-0⅛	-0⅛	14.35
Comm.Bk.Aust. 12⅞ 93A$	100	†93	93⅛	0	-1	15.37
Comm.Bk.Aus 13⅛ 94 NZ$	60	101⅛	101⅞	-0⅛	-0⅛	13.22
Credit Foncier 9 96 Ecu	100	90½	91	-0⅛	-0⅛	11.08
Cr.LocalFrance 9⅛ 92Ecu	100	96⅝	97⅛	0	-0⅛	10.76
Deut.Bk.Aus. 13⅛ 93 A$	125	96⅛	96⅝	-0⅛	-1⅛	14.64
Deutsche Bk.Fin. 15 94 A$	100	100⅝	101	-0⅛	-0⅛	14.74
Elec.De France 9⅞ 99C$	150	88	88½	+0⅛	-0½	11.85
E.I.B. 7 96 LFr	100	†98⅛	99⅛	0	+0⅛	8.44
E.I.B. 7⅛ 99 Fl	150	87⅛	87⅞	+0⅛	-0⅛	9.16
E.I.B. 9 99 Ecu	150	†89½	90	-0⅛	-1	10.81
Eurofima 7⅞ 94 Ecu	100	89⅛	89⅞	0	-0⅛	11.08
Fed.Bus.Dv.Bk. 9 94 Ecu	100	†92⅝	92⅞	-0⅛	-0⅛	11.23
Fed.Bus.Dv.Bk. 9⅞ 92 C$	75	†94⅝	95⅛	+0⅛	0	12.45
Ford Cr.Can.10⅞ 93 C$	100	†96	96½	0	+0⅛	12.33
Ford Cred.Can.10⅞ 96C$	125	93½	94	+0⅛	-0½	12.41
Ford Cred.Fund.10⅛ 93£	60	89⅞	90⅛	+0⅛	-1⅛	14.43
G.M.A.C.Canada 11 3/4 94C$	100	97⅛	97⅞	+0⅛	0	12.54
Heineken 7⅛ 94 Fl	150	†95½	96	0	-0½	8.13
Hydro-Quebec 11 99 C$	400	94⅛	94⅞	+0⅛	-0½	12.01
Lloyds Bank 10⅛ 98 £	150	82⅛	83⅛	0	-2⅛	13.89
Lloyds Bank 11⅛ 98 £	100	87⅞	88⅛	+0⅛	-2⅛	13.84
Nat. Aus. Bk. 14⅛ 94A$	100	99⅛	99⅞	-0⅛	-0⅛	14.91
New Zealand 9⅛ 93 £	100	88	88½	+0⅛	-0⅛	14.37
O.E.K.B. 10⅛ 99 C$	150	90⅛	90⅞	0	-0⅛	11.94
Royal Bk.Scot.10⅛ 98 £	125	84⅞	85⅛	+0⅛	-2⅛	13.85
Saskatchewan 10⅛ 93 C$	200	94	94½	+0⅛	+0⅛	12.24
State Bk.NSW. 13⅛ 93A$	100	96⅛	97⅛	-0⅛	-0⅛	14.96
Sweden 7½ 93 Ecu	250	89⅛	89⅞	0	-1	11.09
Sweden 15 94 A$	100	100⅛	100⅞	-0⅛	-1	14.81
Toyota Mtr.Cr.10⅞ 94C$	150	92⅞	93⅛	-0⅛	-0⅛	12.40
Toyota Mtr.Cr.11⅛ 92C$	150	97⅛	98	+0⅛	+0⅛	12.60
World Bank 7⅛ 99 Fl	300	87⅛	87⅞	+0⅛	-0½	9.20
World Bank 9½ 95 Ecu	100	95½	96	-0⅛	-0⅛	10.65
World Bank 10⅛ 94 £	200	90⅞	91⅛	+0⅛	-1	13.70
World Bank 13⅛ 92 A$	100	97⅛	98⅛	0	-0⅛	14.31
World Bank 14⅛ 94 A$	75	99⅛	99⅞	-0⅛	-0⅛	14.37
Zentrspk. 13⅛ 93 A$	75	†96⅞	97⅛	-0⅛	-0⅛	14.35

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.86	99.91	24/04	15.33
Bank of Greece 99 US	10⅛	99.03	99.13	8/03	9⅛
Belgium 91 US	0	100.05	100.15	21/08	8.32
Chelt. & Gloucester 94 £	.063	99.75	99.80	31/05	15⅛
Credit Foncier 98 US	.063	99.73	99.83	20/04	8.31
Dresdner Finance 99 DM	†.031	100.33	100.43	28/04	6.97
EEC 3 92 DM	†0	100.46	100.56	21/06	9
Halifax BS 94 £	.1	99.99	100.04	9/05	15.22
Invt. In Industry 94 £	0⅛	99.95	100.05	17/04	15⅛
Leeds Perm. B/S. 94 £	0⅛	100.06	100.11	17/04	15.37
Milk Mkt. Brd. 5 93 £	0⅛	99.90	99.95	29/03	15⅛
New Zealand 5 97 £	.07	99.98	100.08	22/05	15.06
Northern Rock 92 £	0⅛	99.81	99.86	30/04	15.18
State Bk. New. 98 US	.188	99.94	100.03	14/06	8.56
Woolwich Equit.BS. 93 £	0⅛	99.98	100.03	17/04	15.37
Woolwich 5 95 £	0⅛	99.95	100.01	22/05	15⅛

Average price change... On day +0.00 on week +0.00

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcan 6⅛ 02 US	8/87	62.	111⅞	112⅞	+0⅛	4.77
Amer. Brands 7⅛ 02 US	9/87	56.7	115	116	+0⅛	8.55
Asda 4⅛ 02 £	3/87	1.64	101⅛	102⅛	+0⅛	52.72
CBS. Inc. 5 02 US	14/87	200.	97⅛	98⅛	+0⅛	6.82
Dai-Ichi Kan. 3⅞ 04 US	7/89	[illegible]	76⅛	77⅛	-1⅛	5.56
Daiwa Bank 3⅛ 95 US	2/90	1628.	89⅛	90⅛	-1⅛	0.46
Primerica 5½ 02 US	4/87	66.75	70⅛	71⅛	0	77.17
Eng.China Clay 6½ 03 £	9/88	4.8	81⅛	82⅛	0	6.38
Fujitsu 3 99 US	5/84	1166.	194⅛	195⅛	-4⅛	-1.79
Ladbroke Grp. 5⅛ 04 £	16/89	3.55	95⅛	96⅛	-0⅛	21.71
Land Secs. 6⅛ 02 £	6/87	6.72	79⅛	80⅛	+0⅛	14.03
Minolta Camera 2⅛ 94DM	12/86	1004.	97⅛	98⅛	-0⅛	10.32
MCA INC 5⅛ 02 US	19/87	69.62	95	96	+0⅛	15.64
Mitsubishi Bk. 3⅛ 04US	5/89	3266.	74⅛	75⅛	-1⅛	3.41
Next Plc 5⅛ 03 £	11/87	4.3	96	97	+0⅛	306.81
[illegible] 2⅞ 03 US	[illegible]	[illegible]	[illegible]	154⅛	-5⅛	-10.21
Omnicom Inc. 6 1/2% 04 US	10/89	28.	101⅛	102⅛	0	10.29
Omron Tateisi 2⅞ 02 US	14/87	1310.	246	247	0	1.13
Ranks Hovis 4⅛ 03 £	1/88	3.5	110	111⅛	-0⅛	2.81
Redland 7⅛ 02 £	1/87	5.4	101⅛	102⅛	0	4.45
Saatchi&Saatchi 6⅛ 03 £	10/89	4.41	61	62	[illegible]	10.25
Silicon Graphics 8 04 US	16/89	23.18	140⅛	141⅛	-0⅛	-3.70
Sumitomo Bank 3⅛ 04 US	2/89	3897.	71⅛	72⅛	-2⅛	12.99
Texas Inst. 2⅞ 02 US	[illegible]	52.87	75⅛	76⅛	0	71.35
Utd.Wpapers 8 04 £	10/89	8.77	123⅛	124⅛	-0⅛	206.40
W.R. Grace 6⅛ 02 US	9/87	42.12	88⅛	89⅛	+0⅛	26.71

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn = The current coupon.
Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL APPOINTMENTS

Hypo-Bank chairman to be next FAGB president

THE BOARD of directors of the Federal Association of German Banks has designated Mr Eberhard Martini, chairman of Bayerische Hypotheken- und Wechsel-Bank (Hypo-Bank), as the next FAGB president to take over from Mr Wolfgang Röller, chief of Dresdner Bank, West Germany's second largest bank.

Hypo-Bank is a Munich-based commercial and mortgage bank and West Germany's fifth largest publicly traded bank.

Eberhard Martini

The Association is scheduled to elect the new president at its annual membership meeting on April 27.

A unanimous vote by the board of directors has made it virtually certain that Mr Martini will succeed Mr Röller, whose three-year term as president is expiring. Mr Martini had been widely rumoured to be top candidate for the post.

Former SEC chairman joins leading law concern

MR DAVID S. Ruder, former chairman of the US Securities and Exchange Commission, has joined Chicago-based Baker & McKenzie, one of the world's largest law firms, as a partner concentrating on corporate and securities matters.

Mr Ruder served as the 23rd chairman of the SEC from August 1987 to last September. He became a professor at Northwestern University School of Law, where he was a member of the faculty from 1961 to 1987. He taught courses in corporate and securities law, and was author of many articles in those fields. He served as Dean of the law school from 1977 to 1985.

He will still teach and participate in activities at Northwestern on a reduced basis.

★ ★ ★

NOKIA DATA, a leading information technology company in Scandinavia and forming part of the Finnish Nokia industrial conglomerate, has appointed Mr Vittorio Levi as senior executive vice president for operations. He will be elevated to Nokia Data president at the start of next year.

Mr Kalle Isokallio, who was appointed deputy to the chief executive of the Nokia Group on January 16, will continue until the end of the year as president of Nokia Data.

Mr Levi, 51, was with the Italian Olivetti group for many years, his last position being senior executive vice president of operations from 1984 to 1988. He then joined Mr Carlo de Benedetti's holding company (CIR) developing new initiatives and projects.

Changes at the top at Mitsubishi Trust

MITSUBISHI Trust and Banking, a leading Japanese trust bank and a core member of the Mitsubishi Group, is to promote Mr Hiroshi Hayashi from deputy president to the post of president, succeeding Mr Takuji Shidachi.

Mr Shidachi will become chairman, replacing Mr Tadashi Yasui, who will take on the role of senior adviser.

The appointments will be formalised at a board meeting scheduled for March 28.

Mr Hayashi, 59, joined the bank on graduation in 1957 from the University of Tokyo. He has served as general manager of the bank's London branch and as a senior managing director of the corporation.

★ ★ ★

WESTPAC Banking, the largest Australian bank, appointed Mr Frank J. Conroy to a newly created position of chief operating officer and also as a director of the bank.

Mr Conroy will be responsible to the managing director, Mr S.A. Fowler, for the management of the group's retail, corporate and international banking operations.

Some further appointments related to these activities reporting to Mr Conroy will be confirmed in the near future.

INTERNATIONAL CAPITAL MARKETS

US-style fixed mortgage market opens in London

By Stephen Fidler, Euromarkets Correspondent

THE first attempt to open a US-style fixed-rate mortgage securities market in London was launched amid controversy yesterday by Bear Stearns, the US securities house.

The issue for the firm's mortgage subsidiary is the first fixed-rate issue in the UK to be backed by fixed-rate mortgages. Two previous fixed-rate mortgage issues for the Household Mortgage Corporation, the specialist UK lender, late in 1988 and early in 1989, financed floating-rate mortgages and carried a special structure to allow investors a repayment of all the issue at maturity.

By contrast, the Bear Stearns issue – to be rated AAA by Standard & Poors – is a so-called pass-through, where interest payments and any early repayments of principal on the underlying mortgages are "passed through" on a monthly basis to investors.

UK investors are not accustomed to managing the risk of early repayment that such pass-through structures carry, although the concept is well understood in the US. Some British investors do not like the monthly repayments.

The issue is for almost £124m, with a final maturity in 2017, a coupon of 11⅞ per cent and an issue price of 94 – significantly below par because of the rises in yields which have taken place since the mortgages were originated.

Barclays de Zoete Wedd, which led the eight-strong underwriting group, said it would maintain a yield spread over the 9 per cent UK government bond of 150 basis points for an "appropriate period", which it did not specify.

This provided a pick up of something like 55 basis points over high-rated corporate issues – the reward for the risk of prepayment or, looked at another way, the call option being provided by investors to the mortgage borrowers in case interest rates fell.

While an underwriting group was put in place, it did not cover the whole issue, and Bear Stearns took the largest underwriting position. UBS Phillips & Drew, in the underwriting group, is understood to have declined the lead underwriting position having failed to canvass sufficient support at the proposed yield.

Based partly on US statistics, Bear Stearns has calculated an average life of 9.95 years for the securities, a calculation which was proving controversial yesterday.

Some followers of the market said they believed the actual average life would be significantly shorter than that, reducing significantly the premium over gilts, which yield more in shorter maturities. Their view was partly based on the expectation that once floating-rate mortgages fell below the fixed rates being charged, mortgage holders would refinance their fixed rate mortgages, given there would be no penalty.

Bunds buffeted by hectic futures trading

By Andrew Freeman in London and Anatole Kaletsky in New York

THE German government bond market had a mixed day yesterday, as technical positioning by traders on the futures market dominated restrained activity on the cash market.

The expiry of the March bund contract led to busy turnover in the June contract which saw well over 40,000 lots traded. It opened at 80.55, reached a high of 81.16 and then settled around 81.05 towards the close, a gain of around 50 pfennigs.

The perception that the June future was cheap against the cash market caused many investors to sell bunds and buy the future, pushing bund prices down at the morning fixings. The 7⅝ per cent bund maturing 2000 was fixed at 92.08, down 9 pfennigs to yield 8.98 per cent.

Later in the day, the market turned upwards, rallying around 25 pfennigs across the board as traders reacted to the steady sentiment in the futures market. The début floating-rate auction by the Bundesbahn was judged a success with DM1.86bn issued at prices of par and above. The deal, which will be rounded up to DM2bn by the Bundesbank, was trading around 100.01 bid.

■ In the Netherlands, the new tender system for government bonds had an unsatisfactory start, although prices across the board improved slightly in line with the German market. The issue of Fl 855m on Tuesday evening implied a disappointing response from investors. A tap of around Fl 240m was issued yesterday, taking the total issue size to around Fl 1.1bn, well below the level hoped for by the Government.

■ In New York, bond prices were almost unchanged across the yield spectrum in a dull and confusing morning session, as traders remained sharply divided about the implications of the continued strength of the dollar.

At lunchtime, the Treasury's benchmark long bond was quoted 1/32 down at 99¼, to yield 8.55 per cent. Other maturities were also virtually unchanged. Federal funds were somewhat firmer than expected in the morning, at 8⅜, so analysts were not surprised when the Fed added liquidity through one-day system repurchase. The repos had no policy significance, the market agreed.

The morning's main event was the concerted and highly public intervention against the dollar in the foreign exchange markets. The Federal Reserve was repeatedly sighted in New York selling dollars for both yen and D-Marks. However, the intervention seemed to have little effect and the dollar continued to defy central banks' apparent efforts to keep it below Y151 and DM1.70.

■ The UK government market rallied enough to recover Tuesday's late losses, but most gilts looked vulnerable against a background of nervous sentiment. The benchmark 11¾ per cent gilt maturing 2003-07 gained around 3/32, rising above par to trade at 100.02, yielding 11.74 per cent. Other issues were around ¼ point better or little changed from overnight levels.

Analysts looking for crumbs of comfort noted that prices held steady in spite of the renewed weakness of sterling in the afternoon. However, the pervasive political uncertainty was judged as the largest risk factor overhanging the market.

There was average activity on the futures market, where the June contract rose as high as 83.08 before moving back towards Tuesday's close at around 82.25.

■ In Japan, the No 119 benchmark continued the fall begun in London and traded down ⅛ point in price to yield 7.20 per cent. Fears of an imminent hike in the Japanese discount rate continued to dominate sentiment, with traders divided as to whether this would stabilise the yen on foreign exchange markets.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	91-26	+7/32	13.26	12.97	12.31
		10.500	5/98	90-17	+7/32	12.22	11.89	11.35
		9.000	10/08	83-10	+12/32	11.14	10.74	10.40
US TREASURY *		8.500	02/00	99-18	+1/32	8.56	8.45	8.58
		8.500	02/20	98-08	+2/32	8.67	8.48	8.58
JAPAN	No 119	4.800	6/99	88.5411	-0.360	7.22	7.04	6.68
	No 2	5.700	3/07	90.9957	-0.501	6.84	6.60	6.35
GERMANY		7.125	12/98	88.5300	+0.200	8.92	8.70	7.77
FRANCE	BTAN	8.000	10/94	90.2315	+0.034	10.77	10.65	10.33
	OAT	8.125	5/99	87.4500	+0.150	10.28	10.11	9.71
CANADA *		9.250	12/99	91.2000	-0.050	10.72	10.60	10.03
NETHERLANDS		7.500	11/99	89.5500	-0.010	9.15	8.95	8.41
AUSTRALIA		12.000	7/99	92.3384	+0.001	13.45	13.28	12.68

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds, others in decimal

Technical Data/ATLAS Price Sources

Tokyo and Liffe agree on futures

By Andrew Freeman

THE London International Financial Futures Exchange and the Tokyo Stock Exchange completed the signing in Tokyo yesterday of a so-called memorandum of understanding, outlining the basis for future co-operation over Japanese government bond (JGB) futures contracts.

Liffe will now begin work revising its JGB contract to bring it into line with the TSE's contract, to enable investors to overcome problems caused by differences in existing instruments.

The Liffe contract, launched in July 1987, is settled with cash. The TSE contract allows for physical delivery.

Liffe hopes to allow investors to run a single position between the two exchanges and aims to achieve this by attaining physical delivery and ironing out administrative differences.

Regulation 'plays small role in bank location'

By David Lascelles, Banking Editor

LEVELS of regulation probably play a smaller role than is often thought in influencing where financial institutions locate their operations, according to Mr Peter Cooke, former chairman of the Basle Committee of international banking supervisors.

Mr Cooke, who now heads a regulation advisory group at Price Waterhouse, the international accountancy firm, says this is one of the more unexpected findings of a survey – published yesterday – which was conducted by the firm into banking and securities regulation in Europe.

Mr Cooke said that other considerations like tax and "being seen in the right place" were very important.

The survey of 135 leading financial institutions with operations in Europe showed one of the main concerns among senior management is that regulation should create more competitive equality.

However, where an international regime has been established for banking, considerable work still needs to be done to improve international co-ordination of securities regulation.

The survey produced a mixed response on whether regulation should be conducted by type of institution or by function, with some respondents favouring one or the other, or a combination of both. The survey comments that this finding will not be of help to regulators who are examining ways of co-ordinating banking and securities regulation.

More than half the respondents said they believed the UK regulatory environment for banks was about right, but 68 per cent thought it was restrictive for securities firms.

Banking and securities regulation in Europe: a survey of senior management's views. Price Waterhouse, No 1 London Bridge, London SE1 9QL. Tel: 01-378 7200

Spread raised on European Investment Bank deal

By Norma Cohen

EUROPEAN Investment Bank ventured into the Ecu sector of the Eurobond market, becoming the first borrower to raise medium-term funds in that currency since late January.

Significantly, the spread on the bonds, which were syndicated on a fixed-price re-offer basis, was raised from the intended level at launch after lead manager UBS-Phillips & Drew found poor demand at the price talk level.

The move by the issuer to raise the spread two basis points from its intended level accounted for its favourable reception, in contrast to an earlier Eurobond offering by Italy.

The EIB issued a Ecu300m seven-year Eurobond bearing a coupon of 10 per cent and priced at 94.80 to yield 18 basis points over the French government's 8½ per cent OAT due 1997. While the issue's price talk had indicated a spread of 14 to 16 basis points, demand for the bonds at that level appeared weak. Both underwriters and investors told the lead managers that a spread of 18 to 20 basis points would be more acceptable.

Taking market factors into consideration in pricing is the key to restoring profitability to Eurobond markets, dealers said, noting that simply using the fixed-price re-offer mechanism is not enough.

Meanwhile, the price on Republic of Italy's Eurobond rose sharply yesterday to 99.60, in line with a rise in US Treasuries. However, the spread on the bonds remained at 61 basis points, outside the 57⅛ basis point launch spread.

Salomon Brothers defended its handling of the Italy issue by noting that co-lead managers still made a few basis points on the deal which traded inside fees.

The EIB also issued a Pta15bn 10-year matador bond bearing a coupon of 13.90 per cent, the highest coupon on any such issue since the market opened in June 1987. It quoted comfortably inside its 1⅞ fees at less 1⅛ bid.

Canadian Imperial Bank of Commerce's London Branch issued a C$100m two-year Eurobond via Wood Gundy bearing a coupon of 13¼ per cent and priced at 101⅞.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
ECUs						
EIB(a)♦	300	10	94.80	1997	20/25bp	UBS Phillips & Drew
US DOLLARS						
SMC Corp.♦	200	2⅛	100	1994	2¼/1½	Nikko Secs. (Europe)
Industrial Bank of Japan(b)♦	100	8.80	100	1993	[illegible]	IBJ Int.
CRH Capital Ltd.(c)♦	72	5⅞	100	2005	2½/1½	UBS Phillips & Drew
Marubeni Finance NV(h)♦♦♦	75	(h)	100	1993	1⅝/⅝	Daiwa Europe
State Bank Sth Australia(e)♦	14.7	12⅞	101	1991	1⅝	Nomura Int.
Hazama Corp.(f)♦	200	2⅞	100	1994	2¼/1½	Daiwa Europe
CANADIAN DOLLARS						
CIBC-London Branch(d)♦	100	13¼	101⅞	1992	1⅛/⅞	Wood Gundy
STERLING						
Bear Stearns M'gage Secs.I♦	124	11⅞	94	2017	⅞	BZW
SWISS FRANCS						
IBM Int. Finance(d)♦♦♦	125	8	101	1993	n/a	Credit Suisse
PESETAS						
EIB(d)♦	15bn	13.90	100	2000	1⅝/1⅛	Banco Hispano Americano
YEN						
Toronto-Dominion Bank(g)♦	7½bn	16⅞	100⅞	1991	⅝/⅞	Toyo Trust Int.

★Private placement. ♦With equity warrants. §Convertible. ♦Final terms. a) Fungible with Ecu500m bond launched in January. b) One call only at par March 1994. c) Convertible into preference shares of CRH Capital which will be immediately redeemable into CRH Plc ordinary shares. Conversion price £3.22. Put option 30/4/95 to yield 8.03%. Company has option to offer further put. d) Non-callable. e) Redemption oil-linked. Launched in two tranches: $5m and $9.7m. f) Coupon indicated at 2½%. g) Redemption linked to Nikkei stock index. h) Redemption linked to Nikkei stock index. Non-callable. Issue price not disclosed.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

© The Financial Times Ltd 1990. Compiled by the Financial Times Ltd, in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Wednesday March 7 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Tue Mar 6 Index No.	Mon Mar 5 Index No.	Fri Mar 2 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (202)	844.89	+0.7	13.55	5.11	8.99	1.80	839.15	841.14	850.12	951.86
2 Building Materials (27)	1026.85	+0.2	15.32	5.50	8.14	0.50	1025.09	1022.29	1036.19	1206.95
3 Contracting, Construction (37)	1388.22	-0.5	17.70	5.73	7.40	3.69	1394.80	1395.96	1410.05	1750.35
4 Electricals (10)	2383.88	+2.9	12.56	5.44	9.72	0.75	2317.73	2326.54	2354.45	2808.86
5 Electronics (30)	1856.66	+0.7	9.70	3.96	13.35	10.52	1844.01	1862.89	1876.55	2129.56
6 Engineering-Aerospace (8)	415.39	+1.4	14.56	5.31	8.44	0.04	409.55	412.48	420.66	0.00
7 Engineering-General (43)	455.30	+0.3	12.56	5.28	9.56	1.28	453.75	454.45	458.32	0.00
8 Metals and Metal Forming (6)	468.22	+0.9	25.17	6.57	4.48	0.00	464.20	467.91	475.14	339.97
9 Motors (16)	350.07	+0.6	14.83	6.20	7.97	0.00	348.09	348.45	350.29	320.69
10 Other Industrial Materials (25)	1538.09	+1.0	11.14	4.72	10.43	3.06	1522.58	1520.29	1535.46	1566.78
21 CONSUMER GROUP (177)	1200.60	+0.6	9.43	3.99	13.24	3.14	1193.72	1205.13	1219.33	1183.56
22 Brewers and Distillers (22)	1387.41	+1.3	10.07	3.79	12.26	6.57	1369.31	1381.06	1405.98	1333.70
25 Food Manufacturing (20)	1039.57	+0.6	10.43	4.44	11.93	1.70	1033.34	1043.56	1055.66	1046.83
26 Food Retailing (16)	2232.65	+0.4	9.09	3.40	14.28	6.99	2224.62	2247.46	2274.84	2088.11
27 Health and Household (13)	2379.53	+0.6	6.70	2.75	17.74	0.20	2365.35	2385.64	2401.86	2134.05
29 Leisure (31)	1461.00	+0.6	9.07	4.07	13.61	5.74	1452.22	1474.66	1498.02	1632.37
31 Packaging & Paper (13)	550.56	+0.1	12.76	5.64	9.90	0.90	549.84	553.17	556.50	605.60
32 Publishing & Printing (16)	3262.34	-0.4	9.90	5.37	12.92	21.20	3274.63	3315.01	3338.80	3753.76
34 Stores (33)	760.89	+0.3	11.40	4.91	11.42	1.78	758.40	763.85	773.55	765.29
35 Textiles (13)	487.42	-0.1	11.84	6.15	10.24	0.37	488.07	490.62	492.55	516.34
40 OTHER GROUPS (103)	1139.57	+0.3	10.96	4.96	10.94	1.57	1136.42	1147.02	1159.13	1077.29
41 Agencies (17)	1537.30	+0.6	6.80	2.43	17.99	9.20	1528.43	1540.22	1545.73	1335.45
42 Chemicals (22)	1187.98	+0.6	12.13	5.56	9.70	0.57	1180.38	1185.67	1182.62	1206.66
43 Conglomerates (13)	1582.98	+0.4	10.28	6.19	11.45	5.27	1576.57	1579.80	1587.29	1500.25
44 Transport (13)	2204.02	-0.2	11.05	4.36	11.51	2.88	2208.55	2233.34	2252.84	2381.75
46 Telephone Networks (2)	1153.87	+0.1	11.00	4.44	11.82	0.00	1152.51	1175.38	1207.94	1147.84
47 Water (10)	1964.94	+0.2	17.74	6.89	6.24	0.00	1961.90	1997.59	2037.38	0.00
48 Miscellaneous (26)	1837.36	+0.2	9.80	4.48	11.51	1.11	1832.99	1839.56	1848.98	1475.26
49 INDUSTRIAL GROUP (482)	1106.37	+0.5	10.93	4.57	11.19	2.33	1100.78	1109.28	1121.62	1115.41
51 Oil & Gas (18)	2342.91	+0.6	10.34	5.14	12.79	31.87	2329.59	2343.24	2361.15	1961.10
59 500 SHARE INDEX (500)	1208.80	+0.5	10.84	4.65	11.40	4.59	1202.59	1211.55	1224.41	1187.61
61 FINANCIAL GROUP (114)	793.53	+0.3	–	5.63	–	5.62	791.10	793.44	800.88	753.69
62 Banks (9)	870.52	+0.2	39.35	6.31	6.77	13.93	869.21	868.51	876.67	744.80
65 Insurance (Life) (7)	1274.80	+0.9	–	5.21	–	0.00	1263.62	1268.87	1291.81	1054.74
66 Insurance (Composite) (7)	652.15	+0.9	–	6.09	–	0.00	646.62	644.30	648.99	603.70
67 Insurance (Brokers) (6)	1062.28	.....	6.94	5.93	19.18	0.73	1061.69	1050.77	1060.56	1018.27
68 Merchant Banks (8)	471.28	-1.1	–	3.82	–	0.04	476.53	482.30	486.50	348.55
69 Property (49)	1084.60	+0.4	8.37	3.99	15.12	1.39	1080.15	1094.04	1104.39	1328.34
70 Other Financial (28)	309.86	-0.4	14.00	6.85	9.42	2.30	311.15	315.05	314.84	383.34
71 Investment Trusts (68)	1143.73	+0.2	–	3.28	–	4.61	1141.41	1142.12	1153.62	1102.23
91 Overseas Traders (5)	1347.34	+0.4	9.58	6.79	12.62	30.79	1341.81	1342.21	1361.42	1409.87
99 ALL-SHARE INDEX (687)	1107.51	+0.5	–	4.77	–	4.90	1102.28	1109.45	1121.03	1082.19

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 6	Mar 5	Mar 2	Mar 1	Feb 28	Year ago
FT-SE 100 SHARE INDEX♦	2230.3	+14.3	2234.9	2219.1	2216.0	2230.5	2254.8	2238.4	2255.4	2083.3

FIXED INTEREST

	PRICE INDICES	Wed Mar 7	Day's change %	Tue. Mar 6	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	113.50	+0.12	113.57	0.21	2.26
2	5-15 years	118.92	+0.25	118.62	–	2.41
3	Over 15 years	123.44	+0.35	124.03	1.03	3.35
4	Irredeemables	140.98	+0.36	140.47	–	1.51
5	All stocks	119.23	+0.22	119.17	0.21	2.51
	Index-Linked					
6	Up to 5 years	139.97	-0.03	140.01	–	0.94
7	Over 5 years	133.35	-0.04	133.40	–	0.81
8	All stocks	133.73	-0.04	133.78	–	0.82
9	Debentures & Loans	98.80	-0.01	98.82	–	2.12
10	Preference	77.70	-0.26	77.90	–	-1.17

	AVERAGE GROSS REDEMPTION YIELDS		Wed Mar 7	Tue Mar 6	Year ago (approx.)
	British Government				
1	Low	5 years	11.40	11.41	9.16
2	Coupons	15 years	11.07	11.12	8.94
3		25 years	10.96	11.01	8.82
4	Medium	5 years	12.72	12.75	10.31
5	Coupons	15 years	11.51	11.56	9.39
6		25 years	11.08	11.13	8.97
7	High	5 years	12.83	12.85	10.44
8	Coupons	15 years	11.74	11.85	9.62
9		25 years	11.25	11.36	9.17
10	Irredeemables†		10.98	11.02	8.70
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.58	4.56	3.32
12	Inflation rate 5%	Over 5 yrs.	4.06	4.05	3.45
13	Inflation rate 10%	Up to 5 yrs.	3.66	3.63	2.46
14	Inflation rate 10%	Over 5 yrs.	3.88	3.88	3.29
15	Debs &	5 years	13.80	13.60	11.99
16	Loans	15 years	13.12	13.12	11.31
17		25 years	13.12	13.12	10.72
18	Preference†		11.87	11.84	10.03

♦Opening index 2222.5; 10 am 2220.0; 11 am 2219.8; Noon 2226.4; 1 pm 2230.3; 2 pm 2232.7; 3 pm 2234.4; 3.30 pm 2232.9; 4 pm 2232.3 (a) 2.52pm (b) 10.25am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	78	9	10
Corporations, Dominion and Foreign Bonds	5	1	20
Industrials	325	359	912
Financial and Properties	135	147	421
Oils	23	23	46
Plantations	1	1	8
Mines	63	21	74
Others	98	35	134
Totals	728	596	1,615

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRADITIONAL OPTIONS

● First Dealings March 5
● Last Dealings March 16
● Last Declarations June 7
● For settlement June 18

For rate indications see end of London Share Service

Calls in Tuskar Res., Berisford Intl., Helical Bar, Oliver Res., Atlantic Res., Explaura, Aviva Pet., Colorol, Kwik-Fit, Hambros, Rockwood, Sunleigh and Gaelic Res.

LONDON TRADED OPTIONS

THE MARKET was quieter yesterday as turnover on the stock market remained subdued. This was reflected in the FT-SE 100 index option contracts, which traded a fifth less than usual. Among the stock options, British Petroleum and British Gas featured, as investors favoured the more liquid contracts.

Total market turnover amounted to 21,718 contracts, of which 11,926 were calls and 9,792 were puts. Yesterday's total compared with the 32,433 lots on Tuesday.

The FT-SE index traded 4,259, which was divided between 1,510 calls and 2,749 puts. The busiest series was the March 2,150 put, which traded 535. The FT-SE volume was less than half of the previous day's total and accounted for around 20 per cent of turnover, against the more normal 25. Dealers said that institutions had been unwilling to enter the market and appeared to be waiting for a clearer direction.

On the futures market, dealing was also subdued, with 2,870 contracts changing hands, just more than half Tuesday's total. The March FT-SE contract closed at just a 2-point premium over the cash index, indicating futures dealers' caution on the day's underlying 14 footsie point gain. The options market also reflected that unease. Call buyers were noted, but puts proved more popular.

Among the stock options, BP was the most active, trading 1,817 lots. This was divided between 1,095 calls and 722 puts. The July 360 call series was the busiest and traded 335. Turnover was boosted by a transaction involving the sale of 250 July 330 calls at 28p and the sale of 250 July 300 puts at 3½. In addition, 250 of the July 360 calls were bought at 12p as were 250 of the July 330 puts at 10p.

British Gas also featured, trading 1,471 lots. The total was made up of 818 calls and 653 puts. The March 200 call series was the busiest.

Scottish & Newcastle saw 902 lots change hands. Trading in puts dominated, with 752 changing hands. Calls accounted for 150, with the August 300 put series the most active at 302 lots.

Option		CALLS			PUTS		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO FT-SE INDEX (*2233)

FT-SE INDEX (*2230)

[illegible]

UK COMPANY NEWS

Surge in profits prompts 20p rise in share price to 422p
BICC advances 29% to £201m

By Vanessa Houlder

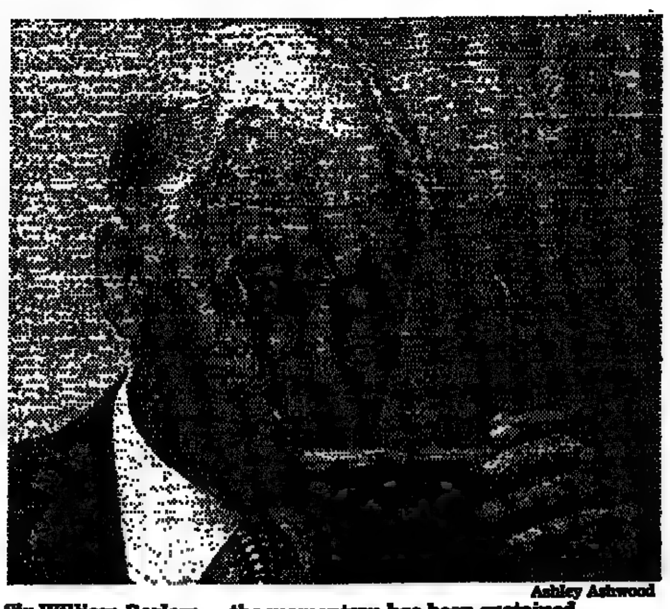
SHARES of BICC, the cable and construction group, yesterday rose 20p to 422p on news of a 29 per cent increase in 1989 pre-tax profits, taking them above the £200m barrier for the first time.

The improvement, from £156m to £201m, was achieved on turnover also 29 per cent higher at £3.79bn (£2.95bn). Interest charges rose by £12m to £29m.

Sir William Barlow, chairman, said that the momentum of BICC had been sustained. The average growth rate since 1986 has been 27 per cent while group profit margins have increased from 5.3 per cent to 6.1 per cent.

The group's involvement in infrastructure projects of all kinds puts it in a strong position in the US, Europe and the UK in particular, where there was increasing spending on the infrastructure, he added.

The difficult housebuilding and property development markets took their toll on Balfour Beatty, which saw a drop in its profit before interest from £51.3m to £46.1m. However, the company said that it had a record order book, which reflected the underlying strength in the business, particularly in power and civil construction and project management and engineering.


Ashley Ashwood
Sir William Barlow – the momentum has been sustained

BICC Technologies also recorded a drop in profits, with a fall before interest from £6.7m to £5.6m as the reorganised division, which is changing to being a data and management systems specialist, made a number of acquisitions and disposals.

Profit before interest at BICC Cables increased from £45.2m to £87.4m. Growth was particularly marked in Europe, which benefited from a full year's contribution from its 1988 acquisitions and continuing improvements in its UK businesses.

At North America Cables profit before interest rose from £16.5m to £37.9m.

In Australasia, profits inched up from £53m to £53.1m, as a good performance from the cables business was offset by difficulties in the contracting and merchandising sectors.

The Channel Tunnel project had not incurred any losses and the group had made no provisions, the company said. Mr Robin Biggam, chief executive, said the company was "hopeful and optimistic" that the recent talks between Eurotunnel and Transmanche Link would lead to a better working relationship.

Earnings per share increased 21 per cent to 46.3p (38.4p). The final dividend is raised by 18 per cent to 13.25p, making a full year dividend of 19p (16p).

See Lex

Interest rates hit flat Heywood Williams

By Andrew Bolger

HEYWOOD WILLIAMS Group, the glass, aluminium and plastic products specialist, yesterday blamed high interest rates for flat profits and earnings in 1989, in spite of an 8.5 per cent growth in sales to £306m.

Mr Ralph Hinchliffe, chairman, said: "Trading conditions in the UK steadily deteriorated throughout the year as higher interest rates reduced spending power. As the year progressed almost all our home-based operations, especially those servicing the home improvement market, felt the adverse effects of the Government's economic policy.

"However, in the US our operations performed extremely well, gaining market share and achieving record profits.

"Our activities in mainland Europe also performed well, benefiting from markets which were generally more buoyant than in the UK," said Mr Hinchliffe.

Pre-tax profits rose from £30.34m to £31.03m, while earnings improved marginally from 32.7p to 32.8p. A final dividend of 8p increases the total to 12.5p (11.5p).

The results included first-time contributions from several acquisitions, the largest of which were Vinylex Window Systems and Gloster Plastics in the UK and Van Dam en de Koning, a Dutch glass merchant.

Also included were profits of £1.88m from the sale of properties.

Mr Hinchliffe said 1990 would probably be another difficult year. However, the continued capital investment and acquisitions would help offset the effects of reduced sales volumes and lower margins.

● COMMENT

Heywood hopes it can maintain last year's profits level in the current difficult environment, pointing to forthcoming benefits from a £3.5m investment in Vinylex and a £4m development of Thermax's architectural glass capacity at Bishop Auckland. Analysts are more sceptical, and are forecasting pre-tax profits of about £28.5m. At an unchanged 230p, that would put the shares on a multiple of 8, which is not particularly cheap, but any downside is limited by a yield of just over 7 per cent. Management is well regarded and existing shareholders are likely to hang on for interest rates to fall. Prospective buyers should wait to see how much margins on the glass manufacturing side are squeezed before rushing in.

More O'Ferrall improves 37% to £13.1m

By Clay Harris, Consumer Industries Editor

MORE O'FERRALL, the outdoor poster contractor which specialises in bus shelters and huge prime-site billboards, last year pasted up pre-tax profits of £13.1m, a 37 per cent advance over the £9.5m achieved in 1988.

The group took a pasting of a different sort in January and February. Mr Russell Gore-Andrews, chairman, said storms in northern Europe had caused structural damage in excess of £500,000 but there was unlikely to be much loss of revenue.

Profit growth outpaced a 33 per cent rise in turnover to £59.3m (£44.5m) in spite of an interest bill which soared to £1.96m (£839,000). Operating profits rose by 45 per cent to £15.05m, with the largest increase in France and Belgium.

The UK and Ireland, however, still accounted for 69 per cent of turnover and 66 per cent of operating profits.

On earnings per share up 40 per cent to 36.8p (26.5p) with the aid of a lower tax charge, a final dividend of 10p raises the total to 13.2p (10p).

The group, which includes Adshel, has converted 60 per cent of its 40,000 panels on UK bus shelters to the back-lit Superlite format which commands a 100 per cent premium.

It has softened its no-discount approach on Superlite. "Discounting is not a word we like," Mr Gore-Andrews said, "but volume deals apply in our market as in others."

Operating profits in Ireland recovered sharply to £600,000 (£100,000). The start-up business in Taiwan lost only £60,000 in the full year, moving into profit in the second half.

Coast United, the Californian roadside bench advertising business, was relaunched in October but lost £300,000.

Of the outlook for 1990, Mr Gore-Andrews said: "The UK advertising market is shorter term than I've ever known before."

"It's impossible for me to have any view of what the year as a whole is going to be like," he added.

While revenues were running ahead of the same period in 1989, Mr Trevor Maund, finance director, said the group would be doing well to show any real growth in the first quarter.

● COMMENT

As media outlets multiply and fragment, can advertisers ever be certain which newspaper, magazine or television channel will reach their target audience? One thing they can know, however, is that potential customers will continue to walk or drive down the same roads and see poster sites handled by More O'Ferrall and its counterparts. The long-term view explains why More O'Ferrall will plough on with investment similar to the £14.8m spent in 1989 and with deals like the recent £5.8m acquisition which doubles its share of the Belgian market. As a result, gearing will soar past 100 per cent; it would already be closer to that figure than the reported 71 per cent if not for the £1.4m benefit of property revaluation and a £1m pension surplus. It may be a windy year for UK advertising, but More O'Ferrall's resilient sector and geographic spread means it will be able to cope much better than most. Nevertheless, the shares lost early gains after the company met analysts, to close unchanged at 418p. The prospective p/e is 11, assuming pre-tax profits of £14m. So far, Tony O'Reilly's 4.9 per cent stake is no more than a curiosity. But since overheads fall rapidly with the creation of larger networks, might it not be of mutual interest for O'Reilly to swap his French poster business for a larger stake in More O'Ferrall?

Talks may lead to Regentcrest offer

By David Owen

THE RICHARDSON twins, the West Midlands property developers whose investment in Dominion International has gone sour, are in discussions with Regentcrest which may lead to an offer valuing the property investor, developer and dealer at about £7.3m.

The company yesterday reported a £9.1m loss for the six months to October 31. The figure included a £8m exceptional writedown arising from a property revaluation.

Under the envisaged transaction, a private company controlled by the Richardsons would offer 15p per share for Regentcrest, excluding "such shares as may be irrevocably committed to the offer at a lower price."

According to Mr Roy Richardson, any such commitment would involve fewer than 27 per cent of the shares. The twins, who serve as non-executive chairman and deputy chairman, already own some 13 per cent of the group.

The loss compared with pre-tax profits of £2.39m in the previous first half. Turnover tumbled to £4.34m (£15.09m).

The group blamed high interest rates and its high debt level for its poor performance.

As in previous years, there is no interim dividend. A full-year dividend is considered unlikely.

Really Useful investors advised to sell holdings

By Andrew Hill and Nick Bunker

INDEPENDENT directors of Really Useful Group, the stock market vehicle for Mr Andrew Lloyd Webber's recent musicals, have recommended investors to sell their shares to the composer, after seeing a ground-breaking independent valuation of RUG's chief assets, its copyrights on musicals including Cats and Phantom of the Opera.

Mr Lloyd Webber wants to take the group private and concentrate on film production.

He launched a 233p per share, or £77.4m, bid a month ago, having already won control of 52.5 per cent of the shares.

J Henry Schroder Wagg, RUG's investment bankers, commissioned the valuation from its New York affiliate Wertheim Schroder, which has long-standing expertise in valuing US film libraries, including those of MGM/UA, and Orion Pictures, during some of the Hollywood mega-bids of the last 10 years.

For almost certainly the first time in a takeover of a quoted UK company, Wertheim used discounted cash flow analysis to value RUG's copyrights.

The Wertheim analysis looks likely to set a trend which could be followed if and when any UK independent television companies lose their franchises and come up for sale, because apart from real estate the ITV companies' main assets are programme libraries.

Wertheim reported that the copyrights for Mr Lloyd Webber's musicals were worth between £50m and £60m.

It hit upon this valuation range by first projecting the expected cash flows from exploitation of the RUG copyrights over the next 16 years, including forecasts of how long Lloyd Webber shows could be expected to run professionally, plus estimates of future revenues from amateur performances, records, and film and TV exploitation of the works.

Wertheim then discounted the income streams back to a fair present value, using different interest rates to reflect varying assumptions about the returns investors should expect from a bundle of media assets. In addition, Wertheim computed the likely sale value of the copyrights in 10 years' time.

These two sets of calculations produced a "matrix" of different valuations, enabling Wertheim Schroder to make best estimates of RUG's present value.

Based on the valuation, the independent directors, headed by chairman Lord Gowrie, said yesterday they considered the offer was fair and reasonable, although they admitted that a rival bid might have realised more for shareholders.

RUG was floated on the stock market three years ago at less than half the Lloyd Webber offer price.

It also announced yesterday a 67 per cent increase in pre-tax profits from £2.79m to £4.65m in the six months to the end of 1989.

Building boom in Ireland lifts CRH to I£80.57m

By Andrew Taylor, Construction Correspondent

THE IRISH Republic, which for more than a century has been exporting construction workers to the UK mainland, is now enjoying a mini construction boom of its own.

CRH, the international building materials group and one of Ireland's biggest companies, achieved a pre-tax profits rise of 27 per cent from I£63.35m to I£80.57m (£76.82m) for the year to December 31.

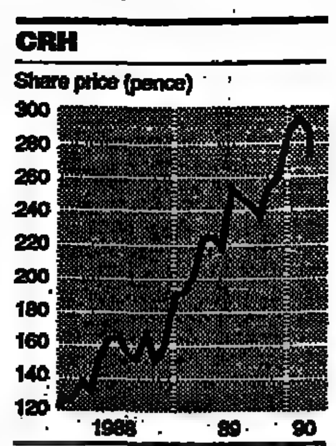
Earnings per share increased 25 per cent to 22.11p (17.24p) as sales improved from I£914m to I£1.02bn.

The biggest contribution to profits came from Ireland where trading profits almost doubled from I£16.18m to £30.68m.

Mr Jack Hayes, managing director, said that increased investment in agricultural buildings and higher spending on roads – supported by state and European Community grants – helped the group raise cement sales by 11 per cent. This was in a year when Irish construction output increased for the first time since 1981.

The renaissance in Irish construction coincided with a flatter period for UK building, particularly housebuilding.

Profits from the UK and Northern Ireland rose by a more sedate 14 per cent to £19.43m.



Mr Hayes said strong performances in the commercial and industrial building sectors were offset by a sharp fall in UK housebuilding, particularly in southern England.

The other area of big profits growth for the group was in Continental Europe where trading profits jumped by 42 per cent to I£25.16m (I£17.68m), helped by strong performances in the Netherlands and Spain.

Construction output in the US fell by 2 per cent, while profits there, which have been flat for three years, declined to I£21.06m (I£22.08m).

A proposed final dividend of 3.5p (3p) makes 5.25p (4.5p) for the year.

● COMMENT

It was the decline of the Irish construction market in the 1970s that persuaded CRH to invest overseas. As a result it has created a broadly spread business with the UK, Continental Europe, the US and Ireland contributing to profit in roughly equal proportions – depending upon which markets are in ascendancy. Last year's profits increase would have been I£2m higher but for the decline in sterling against the punt. Profits this year should see another jump in the Republic on the back of increased demand and higher prices. The continent should also continue to perform well – particularly Spain, one of Europe's fastest growing construction markets. This will more than offset any slowdown in the US and UK where CRH remains reasonably resilient. The effect of yesterday's bond issue will be to reduce finance costs which could add 1p to earnings even assuming full conversion. The put option merely underlines the group's current confidence that the share price will increase sufficiently to prevent early redemption. Profits of I£92m would put the group on a prospective p/e of about 11, deservedly at a premium to the sector. The rating, however, could rise further given the popular support for the shares in Dublin.

Issues aim to raise I£115m

CRH yesterday announced two simultaneous convertible capital bond issues to raise about I£115m (£109m). The issues – of I£75m to existing shareholders and a $72m offer for sale to international investors – include put options writes Andrew Taylor.

CRH is one of the first Irish companies to have launched such an issue.

The conversion price of I£3.32 represents a premium of 15 per cent over the closing price of the shares on the Irish Stock Exchange on Tuesday.

Bondholders will have a put option allowing them to redeem the bonds after five years if the shares, in the case of the Irish punt issue, fail to rise at an annual compound rate of 9.47 per cent or 6.8 per cent a year for the dollar-denominated bonds.

In the case of early redemption, bondholders would receive 100 per cent of the issue price, plus interest equivalent for the punt issue to a redemption yield of 11.95 per cent to April 30 1995. The equivalent redemption yield for the dollar issue would be 9.03 per cent.

Mr Harry Sheridan, CRH's finance director, said options, based on redemption yields of government bonds of comparable maturity, would provide additional security.

The offer to existing shareholders comprises I£1 nominal of bonds for every 3.809 shares owned at the close of business on February 23. Interest will be 6.5 per cent a year. For international investors, the bonds, issued at par, will command an interest rate of 5.75 per cent.

The group currently has net debt of I£124m, equivalent to 33 per cent of shareholder funds. Mr Sheridan said the bond issues would allow the group to reduce its financing costs. The issues would therefore add between 1p and 2p to earnings per share.

Whinney acquisition for £1.3m as profits halve

ONE OF the largest architectural companies in Britain was created yesterday by the acquisition of Hoggett, Lock-Necrews, of Cardiff by the London firm Whinney Mackay-Lewis, one of only four practices on the USM.

Whinney also announced the sale of its Johnson Jackson Jeff subsidiary to management and a fall in pre-tax profit for the six months to October 31.

To acquire privately-owned HLN, Whinney is issuing 1.83m new shares, which will represent about 28 per cent of the enlarged ordinary share capital. At yesterday's closing price of 70p this amounts to £1.28m, and £125,000 in cash will also be paid.

The merger will create a company with a turnover of more than £10m. Mr Terry Hoggett, of HLN, said: "Whinney is City-based and strong in offices, while HLN is nationally-based and strong in commercial and retail operations."

The management buy-out involves JJJ, which provides project management services to the construction industry. In the half year to October 31, JJJ lost £26,000 before management charges. Its net assets last year were £419,000.

When Whinney merged with JJJ in January 1988, it issued shares – then valued at 243p each – to the management. To bring about the demerger, the 589,000 shares held by JJJ's management, worth £380,000 at yesterday's close, are being returned to Whinney. Including an interim dividend payment of £264,000 to Whinney, the deal amounts to about £650,000.

Whinney's pre-tax profits were more than halved to £150,000 in the six months to October 31.

The decline from £386,000 came on turnover £311,000 ahead at £3.43m. At the operating level, profits were £427,000 (£601,000) and interest payments rose to £277,000 (£215,000). The company warned that any improvement in the second half was likely to be modest.

Earnings per share dropped to 1.3p (4.3p) and the interim dividend is maintained at 1.6p.

Tate & Lyle to reduce borrowings via £57m disposal

By Clay Harris, Consumer Industries Editor

Tate & Lyle, the sweeteners group, is to sell Unitank, its bulk liquid storage business, for £56.9m to GATX Terminals Corporation of the US. The deal continues Tate's disposals of peripheral activities in order to reduce borrowings.

Mr Neil Shaw, Tate chairman, said Unitank's prospects would be enhanced by the sale to a major operator in the sector.

Unitank operates seven chemical and petroleum terminals in the UK and has interests in joint ventures in Britain, the US and Malaysia. In the year to September 30, it made operating profits of £5.8m on turnover of £20.8m. At the financial year-end, the book value of Unitank's net assets was £34.2m.

Tate gained full ownership of Unitank in 1976, when it bought out its Dutch partner Paktank. The joint venture was established in 1963 between Paktank and United Molasses, a company taken over by Tate two years later.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Bailey (Ben) Construction, Brierley Investments, CALA, Mucklow (A&J).

Finals- ADT, Antofagasta Holdings, Baynes (Charles), Coats Viyella, Cussins Property, Daves Estates, Forward Technology Industries, Ladbroke, MTL Instruments, Microvitec, Nichols (JN) (Vimto), Pentland, Pentos, Sandvik, TI Group, WPP, Woodchester Investments.

FUTURE DATES

Interims-

Benchmark	Mar. 19
High-Point	Mar. 12
Tay Homes	Mar. 19
Walker (Thomas)	Mar. 16

Finals-

Allied Insurance Brokers	Mar. 14
BAT Industries	Mar. 21
Candover Investments	Mar. 13
Carbo	Mar. 19
Dukeminster	Mar. 15
Hall Engineering	Mar. 15
Hambro Countrywide	Mar. 20
Inchcape	Apr. 2
[illegible]	Mar. 12
Lowe Group	Mar. 12
Matthews (Bernard)	Mar. 21
P-E International	Mar. 26
Plasmec	Mar. 29
Spring Ram	Mar. 22
Tesco	Apr. 16

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
BICC	fin	13.25☆	July 2	11.25	19†	16
Cowie (T)	fin	3	Apr 20	4	4.2	5.2
CRH	fin	3.5♣	Mar 31	3	5.25	4.5
Domestic & Gen §	int	3.5	May 9	2.75	-	8.25
Electronic Mach	fin	0.7	May 10	0.7	1	1
Fairey	fin	5	-	-	7.4	-
Galliford	int	0.95†	Apr 5	0.85	-	3.9
Gent (SR)	int	1.25	May 15	1	-	2.5
GKN	fin	12.5†	May 30	10.75	20	17
Heywood Williams	fin	8	Apr 12	7.5	12.5†	11.5
Inoben §	fin	1.5	-	1.5	2.5	2.5
Lawtex	int	nil	-	0.5	-	2
Life Sciences	fin	1.5	Mar 22	1.1	2.3	1.6
Mersey Docks	fin	2.83	-	-	4.16	-
Metal Bulletin §	fin	3.9	Apr 20	3.45	6	5.3
More O'Ferrall	fin	10	May 10	7.6	13.2	10
Pickwick	fin	3	-	2.25	4.25	3.25
Sinclair (Wm)	int	1.5	Apr 4	1.25	-	5.25
Singapore Para	fin	1.55	Apr 19	1.55	1.55	1.55
TLS Range §	fin	1.8	-	-	1.8	-
Ultramar	fin	6	May 31	6	9	7.5
W'minster/C'try	int	1	-	2	-	14
Whinney M-L §	int	1.6	Mar 30	1.6	-	4.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. #Third market. ♣Irish currency. ☆Carries scrip option.

UK COMPANY NEWS

Two large acquisitions underpin strong growth

Ultramar more than doubles to £102.2m

By Steven Butler

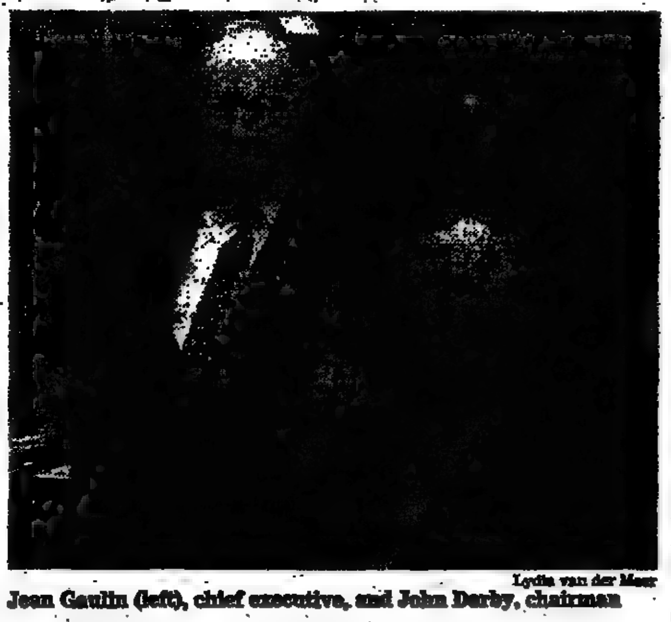
ULTRAMAR, the diversified oil and gas group, yesterday reported strong growth in earnings for 1989, with operating profits more than doubling from £46.4m to £102.2m.

The rapid growth was underpinned by two large acquisitions completed in late 1988, resulting in higher oil and gas production and greater refinery throughput, as well as by higher oil and gas prices.

Sales revenues rose by £680.6m to £1.76bn. Earnings per share were up from 19.1p to 27.9p. The final dividend is raised to a proposed 6p (5p) for a total of 9p (7.5p) – an advance of 20 per cent.

The shares closed 5p down at 364p.

Oil production rose 5 per cent to a record 104,800 barrels per day of oil and oil equivalent, of which 28,000 b/d were liquids. The Indonesian part of the business sold 147 cargoes of liquified natural gas (LNG), an increase of two from the previous year.



Lydia van der Meer

Jean Gaulin (left), chief executive, and John Darby, chairman

North Sea production reached 12,900 b/d last year, and is expected to increase again this year as the Ravenspurn North gas field starts production in October.

Throughput at the Quebec refinery was restrained by maintenance and upgrading work last year, and fell to 94,500 (101,700) b/d.

However, the overall output rose 8 per cent to 124,500 b/d and profits at the Eastern Canada operation rose from £58.6m to £81.6m, including stock gains.

The US downstream operation in California also showed strong gains with the Wilmington refinery, acquired in late 1988, contributing for a full year for the first time. Profits rose from £9.7m to £49.6m. Mr John Darby, chairman, said margins at the refinery were higher than assumptions used at the time of the acquisitions.

Mr Darby said that while group results would continue to be affected by unpredictable exchange rate and oil price movements, he expected the underlying businesses to continue to improve this year.

Group gearing fell by five percentage points to 73¼ per cent at the end of the year.

Mr David Elton, finance director, said gearing would have been 3 points lower had the sale of certain Canadian oil and gas interests for C$70m been completed by the year-end instead of in January.

● **COMMENT**

Ultramar shares again look less interesting now that all the predators seem to have gone away – there are not even any declarable stakes. This awful event, of course, did not cause a collapse of this share price, and yesterday's results show why. The 1988 acquisitions that depressed Ultramar's share price have all turned out far better than anyone gave them credit for at the time, and 1990 will continue to see the benefits of those deals, plus additional earnings from the new Indonesian LNG plant. With profits this year expected at about £120m, leading to a prospective p/e of 11, the shares look fairly valued at just above the market average. But watch out later this month when bids are opened up for the Huffington minority interest in Ultramar's Indonesian joint venture. If they fall much below inflated expectations of $1bn, Ultramar could be the loser.

Staff merger helps Daily Telegraph to 42% rise

By David Churchill, Leisure Industries Correspondent

THE DAILY Telegraph, the privately-owned newspaper group headed by Canadian Mr Conrad Black, yesterday announced a 42.1 per cent increase in pre-tax profits for the year ending December 31 1989 to reach a record total of £41.5m.

Turnover rose by 11.4 per cent, from £210m to £234m.

The improved financial performance was helped by the merger of the staff of the Daily Telegraph with those of the Sunday Telegraph.

Mr Black said that "six days of the week our circulation is almost triple that of our nearest competitor," and claimed that the Daily Telegraph's Saturday edition "seems about to equal or surpass the Sunday Times and become Britain's largest selling qualitytitle."

Mr Black added that the Sunday Telegraph was apparently about to emerge as a strong second in a field of five, having started 1989 third in a field of three.

Earlier this year the company was involved in a bitter public dispute with Mr Andrew Knight, its former chief executive, who accepted the post of executive chairman with News International.

Earnings per share rose from 22.5p to 30.7p.

A final dividend of 4p is proposed, making a total for the year of 32p, including a once-for-all special dividend of 24p arising out of the company's sales of its shares in Reuters Holdings.

Eagle Trust to sue seven former directors

By John Thornhill

EAGLE TRUST, the mini-conglomerate at the centre of a Serious Fraud Office investigation, has issued a High Court Writ against seven of the company's former directors seeking damages for breach of duty and trust.

The seven directors are Mr Leslie Thomas, Mr Richard Smith, Mr Martin Baker, Mr Robert Black, Mr Donald Hardwick, Mr Hamish Jenson and Mr Clive Whiley.

Mr John Ferriday, Eagle Trust's former chairman who is currently a fugitive of the law, was not named in the writ yesterday because similar proceedings had already been launched against him in November 1989.

Eagle Trust said that it was suing the seven directors over several matters but in particular in connection with the company's involvement in Eagle Express, a parcel delivery subsidiary, and LaForza, a car manufacturing venture.

Eagle Express was put into liquidation last July after incurring losses of £35m, while LaForza was sold for a nominal sum of £1 last month.

All seven directors were on the board of Eagle Trust at the time of the release of its 1987 annual report and accounts.

One of the claims that will be made in the action relates to the payment of allegedly unlawful dividends following the directors' approval of this report.

This latest legal move follows less than two weeks after Eagle Trust announced that it was suing Swiss Bank Corporation for £13.5m in connection with sub-underwriting commitments made in 1987 to fund the purchase of Samuelson, a film and television services company.

SBC has said that it would vigorously contest the writ.

Mr David James, Eagle Trust's current chairman, said yesterday that the company was considering launching further legal actions in the next few months.

Eagle Trust will today publish its long-delayed annual report for 1988 which is expected to shed more light on the problems relating to the company's losses of £64m.

First Technology may return with £26m bid for Ricardo

By Nikki Tait

THE BATTLE over the future of Ricardo, the Sussex-based engines and transmission designer, intensified yesterday as former predator First Technology offered to make a new £26m all-share bid.

This sets up an alternative to the recommended merger between Ricardo and SAC International, a Bristol-based engineering services group. The matter will come to a head at Monday's egm, when Ricardo shareholders are being asked to approve the proposed all-paper acquisition of SAC.

First Technology confirmed yesterday it will vote against this deal. If the resolution is defeated, it said it will repeat its counter-proposal, a paper bid worth 180p per share, to Ricardo.

It hung on to a 14.9 per cent stake in Ricardo in the wake of an unsuccessful £23m bid just under a year ago. That won acceptances from holders of only 41 per cent of the shares, offering either 145.26p in cash or 20 First Technology shares for every 57 Ricardo.

First Technology, which would see its share stake diluted to only 7 per cent if the SAC-Ricardo deal goes through, made its opposition to the merger public last week. Yesterday, it repeated criticisms that SAC and Ricardo have "different businesses with different customer bases", claiming that it was essentially "a reverse takeover of Ricardo by a weaker company at no premium".

Dr Fred Westlake, chairman, said his new bid proposal was first put to Ricardo and its advisers on Tuesday evening, with the pre-condition that Ricardo recommended the deal. By noon yesterday, it had been firmly rejected.

Explaining its decision, Ricardo noted the "resounding rejection" of First Technology's bid last year, and said that an offer at 180p fell far short of the necessary premium for control. It claimed again that the merger with SAC would create "a larger, stronger group better able to respond to the demands of its changing market-place."

In practice, Monday's decision is likely to rest with about half a dozen institutions, which have stakes around the 4-5 per cent level.

First Technology shares eased 5p to 480p, while Ricardo gained 18p at 155p, and SAC 2p at 115p.

Lawtex in the red

Lawtex, the Oldham-based umbrella, leisurewear and babywear maker, slipped £83,000 into the red in the half year ended December 30 1989. In the comparable period, profits were £218,000.

Turnover fell to £8.1m (£9.5m). The loss per share was 2.2p (5.3p earnings). There was no dividend (0.5p).

Braithwaite warns of second half downturn

By David Owen

Braithwaite, the industrial services group whose chief executive, Mr Andrew Fitton, last year headed a consortium which briefly planned to invest in Eagle Trust, yesterday warned shareholders that second half profits were likely to be considerably below first half levels.

The company blamed "unusually mild" winter weather for the setback. As a result, "the expected seasonal contribution" from Andrews Sykes, the specialist equipment hire and distribution unit would be sharply lower.

According to Mr Stuart Ross, finance director, the group's heating business "has not been as good as budgeted or reasonably expected" owing to the mild weather.

In the six months to September 30, pre-tax profits rose 44 per cent to £2.62m on turnover of £33.2m, in spite of higher interest charges. Profits for the year ended March 31 1989 totalled £6.53m on turnover of £59.3m.

Fairey jumps 43% to £12.53m

By Vanessa Houlder

FAIREY GROUP, the specialist engineering company, yesterday announced that it had raised pre-tax profits by 43 per cent from £8.77m to £12.53m in 1989, its first full year on the stock market.

The company considered that these results merited a higher final dividend than expected at the time of the flotation in November 1988 and recommended a final of 5p, making a total of 7.4p.

Mr Derek Kingsbury, chairman and chief executive, said the group faced 1990 with confidence, although it was conscious of the potential impact of inflation and interest rates on industry in general.

About half the profit came from overseas and much of Fairey's UK business was counter-cyclical in that it was linked to civil aerospace and the national grid refurbishment programme, he said.

A 24 per cent rise in operating profits reflected strong performances from the electronics and electrical power and the filtration and specialist ceramics divisions, offset by lower profits at the aerospace and defence division.

Profits at this division fell from £2.62m to £1.46m, reflecting restructuring costs and declining work for the Tornado aircraft. The division closed a factory and reorganised its management team as it attempted to address a wider range of defence markets. Mr Kingsbury said the restructuring was now behind it.

Although it was premature to comment on how changing defence requirements would affect the business, "we are broadly enough based that we do not see ourselves as being desperately vulnerable," he said.

Profits at the electronics and electrical power division rose from £4.41m to £6.26m on turnover of £30.57m (£27.04m), due in particular to a striking performance from Red Lion Controls.

The filtration and specialised ceramics business increased its profits from £2.64m to £4.31m, fuelled particularly by demand for ceramic cores for gas turbine blades and filtration systems.

There was positive cash flow of £7.8m, which left the group with funds of £8.6m. Interest receivable was £520,000, compared with last year's charge of £1.75m. Earnings per share increased from 17.5p to 24.7p.

UK COMPANY NEWS

Cowie braked by interest charges

By Jane Fuller

T COWIE, the motor dealer and fleet operator, saw pre-tax profits for 1989 cut to £16.11m after a 70 per cent increase in interest payments.

The £9m profits fall came on turnover up 19 per cent to £549.91m. Before interest, profits were 14 per cent higher at just over £54m.

Three quarters of the £37.97m (£22.32m) interest bill fell on the finance division which includes the contract hire of 31,600 vehicles. Bought with borrowed money, they are supplied at a fixed rent for two or three years.

Mr Tom Cowie, chairman, said: "We suffer as interest rates go up, but once they come down you have the business that you pulled in at the higher level." He estimated that every 1 per cent fall in the interest rate would put £2.2m on the company's bottom line.

The finance division's contribution to profits fell to £8.97m (£13.57m) on turnover ahead to £181.65m (£145.47m). Mr Cowie said it had also suffered from rivals bidding for fleet contracts at "suicidal rates." But prices had since come "more into line with ours."

More than half of group turnover came from motor dealerships in a year of record sales. Cowie holds 16 franchises including four each for Ford and General Motors.

With profits in the division falling from £6.44m to £5.15m, margins were down from 2.5 per cent to 1.8 per cent. Mr Cowie said conditions continued to be difficult because new car sales were likely to fall from 2.3m to little more than 2m in the current year.

The company had closed three dealerships which he said would have been difficult to bring up to the standard required by the vehicle manufacturers.

But that was only pruning compared with the "major surgery" in the short-term rental wing, where disposing of part of the commercial vehicle fleet and halving the number of staff had cost more than £5m. The division registered a loss of £3.15m.

While the agricultural division turned in a modest £441,000 profit, brighter spots were the trebling of the contribution from the Hughes DAF bus and coach distributor to £2.18m and a near-doubling on property to £1.26m.

Fully diluted earnings per share fell to 10.87p (16.51p). A proposed final dividend of 3p makes a total of 4.2p (5.2p) for the year.

COMMENT

Cowie's debt of £319m makes starkly clear its vulnerability to interest rates, with this year set to be significantly worse than last. So with several million likely to be added there, the question is: what can be counted back in? Well, the £3m short-term rental loss was a one-off, as were dealership closure costs. And the underlying performance should improve because of more contract hire business at better rates and because the fall in used car values seems to have bottomed out. But these swings and roundabouts leave a wide range of profit forecasts, from £12m to £18m with a prospective p/e of 4.5 to 6.5. Those tempted to take a gamble can cite a prospective yield of more than 10 per cent, the prospect of falling interest rates and Mr Cowie's lack of aversion to listening to a bidder.

Hartwell attacks Jameel's 'gimmick' loan note facility

By John Thornhill

THE STRUGGLE for control of Hartwell intensified further yesterday as the Oxford-based motor group criticised the Jameel Group's latest offer document.

The Saudi Arabian Jameel Group, which is bidding £172.4m for Hartwell, has offered the company's shareholders a special facility to enable them to exchange their shares for loan notes equivalent to the 155p per share cash offer. This, Jameel claimed, would allow shareholders to mitigate any capital gains tax liability.

But Hartwell yesterday dismissed the special facility as "a gimmick which smacks of desperation." It claimed that the loan notes would not be listed and would carry interest at 1 per cent less than LIBOR.

It added that the loan notes could not be redeemed before 1992 and offered little opportunity for capital gains tax mitigation. Jameel contested these claims.

The takeover battle has been marked by increasing hostility between the two sides and looks set to be a close-run struggle. Jameel speaks for about 34 per cent of Hartwell's shares and 53.3 per cent of its convertible preference shares. Its offer closes next Monday.

The intriguing possibility emerges that Jameel might not succeed in winning outright control of over 50 per cent of Hartwell's ordinary shares but could effectively win deferred control of the company.

Jameel has already declared its offer for Hartwell's convertible shares unconditional and the conversion of these shares in 1992 could push Jameel's holding of Hartwell's ordinary shares above the 50 per cent level.

In this hypothetical event, it is likely that Jameel would be required to make a renewed offer for the remaining ordinary shares in the company.

Hartwell's shares were unchanged at 158p yesterday, marginally above the 155p the Jameel offer is worth.

Strike costs Mersey Docks £3.4m

By Ian Hamilton Fazey, Northern Correspondent

THE NATIONAL dock strike last summer cost the Mersey Docks and Harbour Company £3.4m, reducing taxable profits for 1989 to £4.94m.

Announcing preliminary results yesterday, the company said operating profit was up almost 19 per cent to £8.64m on reduced turnover of £53.7m (£55.2m). Before the exceptional charge, the pre-tax figure was up 29 per cent on the £6.5m of 1988.

In spite losing turnover of £4.5m through the strike and the diversion of ships to the French, Dutch and West German ports in the run-up to it, Liverpool still handled a record 20.3m tonnes of cargo.

The strike followed the Government's decision to abolish the National Dock Labour Scheme, which guaranteed dockers' jobs by forbidding compulsory redundancy.

Mersey men were first out and last back in the four-week dispute, but 300 agreed redundancy terms soon afterwards. The company now employs 800 workers using modern stevedoring technology, compared with 4,000 in 1980.

Severance costs of £10.7m have been treated as an extraordinary item. This was reduced by £1.5m through the write-off of a Government loan, so that when the dividend of £2.5m is added, the accounts show a retained loss for year of nearly £6.8m, almost balancing £6.5m profit in 1988.

The final dividend is 2.53p, making 4.18p for the year from earnings of 8.22p (10.73p). The dividends are the first since the Government rescued the business from financial collapse 20 years ago and follow the capital reconstruction last May, when the Government wrote off £111.5m of debts.

Directors said the significant changes of 1989 would have a positive effect on productivity and trade, so that the 1990s could be faced with confidence. Property development of redundant dockland continued with P&O and Barratt.

The Government remains the biggest shareholder with 20.5 per cent. It intends to sell the stake, but not until the DTI completes inquiries into dealings in some of the shares associated with Mr David Abell, a former deputy chairman.

See Observer

Downturn to £51,000 at Electronic Machine

ELECTRONIC Machine Company, which is rationalising into a business services group, announced pre-tax profits of £51,000 for the year to September 30 1989.

The outcome - which showed a decline from £68,000 last time - came on turnover of £3.29m (£2.69m).

Continuing businesses contributed sales of £3.04m (£2.58m) and trading profits of £122,000 (£97,000). Earnings fell to 0.89p (1.67p) but the dividend is maintained at 1p, the final being 0.7p.

Last August management changes saw Mr Jeffrey Gould become chairman, Mr Michael Woolley chief executive, and Mr Jeremy Smilg finance director, after the purchase of a 20 per cent interest in EMC by a company controlled by Mr Gould and Mr Smilg.

Mr Gould said the rental and storage sectors in particular had been identified as potential profitable extensions of the group's activities, particularly as it would become increasingly difficult to achieve satisfactory growth from the previous reliance on the defence industry market.

The next accounts of the company, which intends to change its name to EMC Group, will run to March 31 1991. The listing will remain suspended until after the shareholders' meeting on March 29.

NEWS DIGEST

$12.5m buy for Life Sciences

LIFE SCIENCES International, the expanding scientific instrument manufacturer, is returning to the acquisition trail in the US through the purchase of International Equipment Company for $12.5m (£7.4m) cash.

Consideration for IEC, a Boston, Massachusetts-based manufacturer of low-speed centrifuges, is conditional on shareholders' approval and will be funded from the proceeds of a rights issue of 38.5m shares on a basis of 1-for-3 at 80p per share, raising a net £29.8m.

Mr Christopher Bland, chairman, said that as well as securing finance for the acquisition, the rights issue would eliminate net borrowings and provide the ability to exploit future acquisition opportunities.

The announcement was accompanied by the group's 1989 results which showed a 47 per cent increase to £9.03m (£6.13m) in pre-tax profits, achieved on turnover ahead 34 per cent from £43.55m to £58.29m.

Mr Bland said that the return on sales improved to 16.7 per cent, reflecting improvement at the Shandon offshoot and the inclusion of Savant, acquired in December 1988, for a full year.

Earnings per 10p share rose to 6.2p (4.4p) and the recommended final dividend is raised to 1.5p (1.1p) for a total of 2.3p (1.6p).

Sutton Water rises 57% to £308,000

In its last year as a statutory company Sutton District Water achieved a 57 per cent improvement in pre-tax profits from £196,000 to £308,000.

This increase for 1989 was in spite of a £778,000 (£253,000) exceptional charge which included £371,000 for costs incurred in negotiations with the Department of the Environment and the conversion to plc status as well as £277,000 for backlog depreciation of mains pipes.

Mr Andrew Kennedy, the chairman, said that until April 1 1990 the company was restricted as to the amount of dividends it could pay.

Turnover rose 24 per cent to £7.83m (£6.32m). Tax was little changed at £47,000 (£48,000).

Advance to £885,000 achieved at Instem

Pre-tax profits of Instem rose from £581,000 to £885,000 for the 1989 year. This USM-quoted company is involved in the application of computer technology to real-time systems for data acquisition, monitoring and control in scientific, technical and industrial markets.

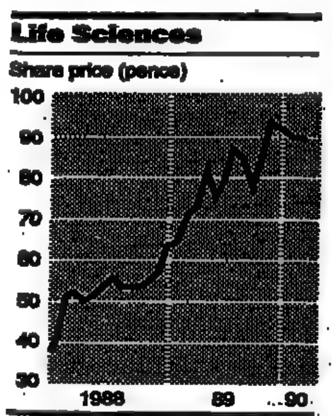
Turnover improved to £8m (£7.57m) and earnings emerged 3.2p higher at 12.9p per 10p share. A final dividend of 1.8p makes a same-again total of 2.5p.

Westminster & Country downturn

A downturn at Westminster & Country Properties in the six months to October 31 saw pre-tax profits fall from £331,000 to £98,000. This followed full-year results from the property investor which were nearly trebled from £1.01m to £3m.

The interim dividend is halved to 1p.

Turnover came to £1.48m (£1.16m) after which there was a gross loss of £52,000 (£266,000 profit). Earnings per share came through at 3p (8.5p).



All-round growth lifts Wm Sinclair

Improvements in all three divisions enabled William Sinclair Holdings, the garden products supplier, to record a near 30 per cent increase to £1.45m in first-half pre-tax profits.

Turnover for the six months to December 31 rose from £11.54m to £12.59m. Mr Tom Sinclair, chairman, said the 10 per cent increase was achieved in spite of the company's withdrawal from the packet seeds market, last summer's dry weather and the general strategy of reducing activities in the sale of low-margin commodity products.

Tax accounted for £508,000 (£393,000) and left earnings 1.4p higher at 6p per 25p share. The interim dividend is increased by 20 per cent to 1.8p.

Metal Bulletin ahead to £1.4m

Profits from Metal Bulletin in 1989 rose from £1.3m to £1.41m on turnover up from £9.21m to £9.97m. The USM-quoted company is engaged in international business publishing.

Tax took £518,800 (£447,700) and there was an extraordinary debit of £21,800 (nil). Earnings per 10p share came through at 10.1p (9.7p).

The final dividend is raised to 3.9p, making 6p (5.3p).

Small decline at Singapore Rubber

Profits fell slightly at Singapore Para Rubber Estates in 1989. The taxable result declined from £564,048 to £513,184 on turnover down from £878,095 to £766,388.

Estate profit fell to £289,608 (£488,021). But income from fixed asset investments rose to £131,285 (£83,133) and interest receivable put in £84,242 (£35,842). After tax of £158,000 (£247,000), earnings per stock unit rose from 3.04p to 3.4p. The dividend is unchanged at 1.55p for the year.

Slight expansion at Galliford to £4.1m

Galliford, the Leicestershire-based constructor, returned pre-tax profits of £4.07m for the six months to end-December, little changed on last time's £3.92m. Turnover, however, rose 18 per cent to £97.07m.

The interim dividend is lifted to 0.95p (0.85p) from earnings of 3.47p (3.67p). Tax took £1.47m (£1.41m) and there was an extraordinary item of £145,000 (nil).

TLS Range up 33% in first year on USM

In its first year as a quoted company TLS Range, which rents and leases vehicles, lifted turnover 45 per cent and pre-tax profit 33 per cent.

Mr Richard Birley, chairman, said the advances had been made against increasingly high interest rates. Raising new capital through the USM quotation had significantly reduced gearing.

Turnover came to £6.38m (£4.39m) and profits to £1.03m (£776,000). Earnings were again 5.2p and the dividend is 1.8p.

Several acquisitions were made and the benefits would be felt mainly in the current year.

Ennex study into Scottish gold mine

Ennex International, the USM-traded mining exploration company, has commissioned a production feasibility study on its Cononish property with a view to bringing Scotland's first gold mine into production late in 1991.

The company has spent £1.4m over the past year on an underground exploration and development programme at Cononish. When the feasibility study is completed in July, a formal planning application will be made for construction of a mine.

Ennex said prospecting work on the rest of its substantial licence area had identified many significant gold showings with potential for establishing further feed sources for the proposed operation at Cononish.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1985=100); retail sales value (1985=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1988 4th qtr.	109.5	116.7	29.3	121.0	128.4	2,101	241.4
1989 1st qtr.	109.7	118.9	33.1	121.3	125.4	1,962	228.8
2nd qtr.	109.5	119.5	33.6	122.0	132.7	1,834	222.4
3rd qtr.	111.1	120.0	35.5	121.5	134.7	1,742	220.3
4th qtr.	111.7	120.3	35.5	122.1	165.5	1,654	205.5
February	109.2	118.5	35.5	121.9	125.8	1,949	229.3
March	110.1	118.9	35.7	122.4	127.4	1,917	224.9
April	110.8	119.1	34.7	120.7	131.5	1,858	223.2
May	108.5	118.8	34.1	124.3	133.4	1,826	[illegible]
June	109.2	119.6	34.0	121.4	133.9	1,810	224.4
July	110.1	119.8	34.6	120.5	136.5	1,787	220.8
August	111.9	120.7	35.2	121.4	134.0	1,746	219.5
September	111.2	119.8	35.5	122.1	[illegible]	1,694	220.7
October	112.1	120.7	35.5	121.6	140.2	1,675	214.8
November	111.9	120.2	[illegible]	121.1	153.3	1,652	208.5
December	111.2	120.0	35.5	123.4	185.5	1,635	195.4
1990 January				121.8	133.6		

OUTPUT- By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1988 2nd qtr.	111.7	108.7	108.9	111.0	120.8	96.0	22.3
3rd qtr.	114.2	113.7	108.3	114.9	125.1	95.9	20.4
4th qtr.	114.2	115.1	105.5	115.9	124.2	98.7	18.4
1989 1st qtr.	114.8	119.8	104.0	118.2	130.1	100.5	17.8
2nd qtr.	115.5	121.1	102.9	120.6	122.7	98.0	18.6
3rd qtr.	114.8	124.6	[illegible]	[illegible]	124.2	95.9	14.6
4th qtr.	115.3	125.3	105.0	124.1	123.9	98.7	
March	115.7	119.4	104.4	119.0	127.8	100.0	18.5
April	116.2	118.1	105.9	118.0	127.8	100.0	18.4
May	115.2	121.8	[illegible]	121.0	122.0	99.0	18.6
June	115.0	123.6	101.7	122.0	119.0	98.0	17.7
July	116.6	124.1	102.9	123.0	123.0	98.0	15.5
August	114.8	126.0	105.7	123.0	124.0	97.0	[illegible]
September	114.0	123.7	105.7	[illegible]	126.0	97.0	14.2
October	114.5	129.7	105.0	127.0	123.8	98.0	15.1
November	114.4	127.6	105.4	124.0	[illegible]	98.0	18.4
December	117.2	128.0	104.5	122.0	128.8	102.0	

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1988 4th qtr.	109.7	136.8	-6,237	-5,965	+652	96.7	51.59
1989 1st qtr.	112.8	140.5	-4,007	-4,678	+229	98.4	50.46
2nd qtr.	113.5	140.3	-6,335	-5,518	+335	95.1	43.67
3rd qtr.	117.2	141.0	-6,359	-6,135	+397	96.2	43.34
4th qtr.	124.4	138.8	-4,381	-4,061	+627	96.6	38.09
April	113.5	135.7	-2,193	-1,921	+118	95.9	47.25
May	114.8	140.3	-1,725	-1,453	+35	96.1	48.89
June	113.1	142.0	-1,951	-1,679	+191	97.3	43.67
July	115.8	138.5	-2,543	-2,475	+139	97.1	42.83
August	114.5	141.2	-2,378	-2,310	+165	97.4	43.21
September	121.8	143.3	-1,973	-1,905	+104	95.5	42.83
October	122.8	139.5	-1,682	-1,582	+212	96.9	39.83
November	121.3	140.4	-1,782	-1,682	+205	96.7	38.77
December	128.4	134.2	-917	-817	+218	96.3	38.05
1990 January	125.8	151.5	-1,976	-1,879	+161	96.4	

FINANCIAL-Money supply M0, M2 and M4 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M2 %	M4 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1988 4th qtr.	7.7	16.9	17.6	+19,898	3,188	+685	12.79
1989 1st qtr.	6.7	15.2	18.2	+21,182	3,882	+907	13.00
2nd qtr.	6.0	11.3	18.6	+20,385	1,736	[illegible]	14.00
3rd qtr.	6.3	10.0	17.4	[illegible]	2,226	+728	14.00
4th qtr.	6.8	10.3	17.6	+22,488	1,057	[illegible]	15.00
January	7.4	18.5	18.0	+7,911	784	[illegible]	13.00
February	6.8	15.5	18.4	+5,942	1,884	[illegible]	13.00
March	6.1	14.7	18.1	[illegible]	873	[illegible]	13.00
April	5.8	14.6	17.8	+6,272	1,175	+308	13.00
May	6.2	12.6	18.1	+6,427	718	[illegible]	14.00
June	5.9	11.3	18.0	[illegible]	-165	+189	14.00
July	5.2	10.4	16.5	+7,744	840	[illegible]	14.00
August	6.1	10.1	17.2	+7,959	821	[illegible]	14.00
September	4.5	9.8	17.3	+10,481	819	+164	14.00
October	6.2	8.9	17.2	+5,189	704	+179	15.00
November	5.7	10.7	17.4	[illegible]	177	+209	15.00
December	6.0	9.8	18.1	+10,765	176	[illegible]	15.00
1990 January	5.8	9.4	18.2	+5,764		+825	15.00

INFLATION-Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100)

	Earnings	Basic matls.*	Whsale. mnfg.*	RPI*	Foods	Reuters* cmdty.	Sterling
1988 1st qtr.	96.4	98.9	111.8	103.7	102.5	1,707	75.2
2nd qtr.	98.7	97.8	112.8	106.2	104.6	1,817	77.5
3rd qtr.	103.5	98.6	113.9	108.5	104.7	1,892	78.9
4th qtr.	104.1	100.1	115.2	109.8	105.7	[illegible]	77.5
1989 1st qtr.	105.4	102.6	116.8	111.7	107.8	1,874	97.1
2nd qtr.	108.0	104.4	115.3	114.9	110.2	2,018	93.6
3rd qtr.	110.6	103.1	[illegible]	115.8	110.7	1,912	91.7
4th qtr.						1,943	88.9
January	104.2	104.8	116.4	111.0	107.4	1,869	97.9
February	104.5	101.7	116.8	111.8	107.7	1,886	97.4
March	107.3	102.6	117.2	112.3	108.3	1,968	96.9
April	107.8	103.8	117.8	114.3	108.6	2,015	95.5
May	107.8	104.7	118.3	115.0	110.8	2,019	94.3
June	108.1	104.7	118.6	115.4	110.7	2,037	91.1
July	110.3	103.8	119.0	115.5	110.1	1,948	92.2
August	109.1	102.7	119.5	115.8	110.6	1,892	91.6
September	110.7	103.8	120.0	116.6	111.3	1,885	91.3
October	111.7	104.1	120.4	117.5	112.4	1,880	89.7
November	112.9	104.6	120.9	118.5	112.8	1,882	87.9
December				118.8		1,916	88.5
1990 January				119.5		1,916	88.5

*Not seasonally adjusted
†Net changes in amounts outstanding, excluding bank loans.

PUBLIC WORKS LOAN BOARD RATES

Effective 6 March 1990

Years	Quota loans repaid* by EPI†	At††	at maturity§	Non-quota loans B* repaid by EPI†	At††	at maturity§
1			14⅞			15⅝
Over 1 up to 2	14⅝	14⅝	14⅛	15⅝	15⅝	14⅞
Over 2 up to 3	14¼	14¼	13⅝	15¼	15⅛	14⅜
Over 3 up to 4	13⅞	13⅞	13⅛	14⅞	14⅞	13⅞
Over 4 up to 5	13⅝	13½	12⅞	14⅝	14½	13⅝
Over 5 up to 6	13½	13¼	12¾	14	13¾	13¼
Over 6 up to 7	13¼	13⅛	12⅝	13¾	13⅝	13⅛
Over 7 up to 8	13⅛	13	12⅝	13⅝	13⅜	13⅛
Over 8 up to 9	13	12⅞	12½	13½	13⅜	13
Over 9 up to 10	12⅞	12¾	12⅜	13⅜	13¼	12⅞
Over 10 up to 15	12⅝	12⅜	11¾	13⅛	12⅞	12¼
Over 15 up to 25	12	11½	11⅛	12½	12	11⅝
Over 25	11⅜	11⅛	11	11⅞	11⅝	11½

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Notice to Holders of Warrants

FOOTWORK CORP.

US$45,000,000 – 5⅜% GUARANTEED BONDS DUE 1992 WITH WARRANTS

Pursuant to Clauses 3 and 4 of the Instrument dated 17th November, 1988, the following notice is hereby given.

At the meeting of the Board of Directors of Footwork Corp. (the "Company") held on 28th February, 1990, a resolution was adopted for the issue of new shares by way of a free distribution, particulars of which are given below. Consequently, the Subscription Price of the captioned warrants (the "Warrants") shall be adjusted, as specifically provided in paragraph (2) below.

(1) The free distribution of new shares will be made on 18th May, 1990 to shareholders of record as of 31st March, 1990, (Japan time), at a ratio of 0.5 for each share held. The dividends for these new shares will accrue as from 1st April, 1990.

(2) Pursuant to Clause 3(l) of the Instrument, the Subscription Price will be adjusted from Yen 3,065.00 – to Yen 2,043.30 per share of the Company's common stock. The new Subscription Price will become effective on 1st April, 1990, which is immediately after the record date.

The Long-Term Credit Bank of Japan, Limited
as Fiscal Agent for and on behalf of
Footwork Corp.
Dated: 8th March, 1990.

COMMODITIES AND AGRICULTURE

Coin expert rejects Japanese forgery claim

By Kenneth Gooding, Mining Correspondent

JAPANESE POLICE investigating what they believe is the biggest counterfeit case in their country's history – involving gold coins worth $71m – are wasting their time because all the coins are genuine, said Mr Paul Davies yesterday. He is the well-known UK coin dealer who is a central figure in the case.

Mr Davies said independent exhaustive tests commissioned by himself and the Union Bank of Switzerland into the authenticity of two coins from the same batch as those the Japanese say are forgeries showed the coins to be genuine.

He challenged the Japanese police to allow the same tests to be carried out on some of the 103,000 alleged counterfeit coins they said they had identified.

He challenged the Japanese authorities to produce evidence that counterfeits really existed. He asked why the Japanese had not followed normal procedure in the numismatic world and provided details to enable holders to establish whether their coins were genuine.

Mr Davies suggested that the Japanese police were continuing their inquiries in Switzerland and London, even though they had no evidence that there were counterfeit coins, because the Japanese authorities wanted to find out how and why so many of the coins had found their way overseas without showing up in the official export statistics.

Some 11m of the coins were issued in 1986 and 1987 to commemorate the 60th anniversary of the accession of the late Emperor Hirohito.

The suspect coins are said to be of the same purity (99.99 per cent), exactly the same size and weight and to the naked eye to be indistinguishable from the genuine variety.

The incentive for any counterfeiter is that the Bank of Japan promises to redeem each coin for Yen100,000 whereas the gold content is worth only about half that.

Mr Davies pointed out yesterday that the Japanese authorities should consider, however, that any counterfeiter would first have had to buy gold for about $40m cash, have it re-refined at one of only three or four refineries in the world capable of producing such pure gold and spend about $10m on equipment to reproduce the quality and quantity of coins alleged to have been forged.

"And they would have had to do all this in the hope that they could pass more than 100,000 coins over bank counters in Japan without them being recognised as fakes."

Mr Ernest Newman, a former chief metallurgist at the Royal Mint, found that the tiny traces of other materials apart from gold were the same in the alleged fakes as in the genuine coins.

EC Commission proposes beef import ceilings

By Tim Dickson in Brussels

THE EUROPEAN Commission yesterday reconciled the competing claims of Eastern Europe and its own powerful farm lobby by agreeing new ceilings for beef imports in 1990.

Its proposals, which have yet to be endorsed by member states in the Council of Ministers, were complicated this year by the need to make a political gesture to those emerging eastern democracies affected by the new arrangements.

The planned quota of 212,800 head of young male animals of less than 300 kg, for example, is understood to be a little higher than the figure proposed by Mr Raymond MacSharry, the EC's Agriculture Commissioner, though it is still tiny in comparison with the 14m or so young male animals produced inside the EC.

Over the last 10 years this quota has ranged from a maximum of 287,000 head down to 164,000 head depending on expected levels of consumption and production in the EC. A Commission official pointed out last night that Brussels also has to be careful not to "disturb the trade" and yet at the same time carry out its international obligations.

Under the terms of this year's proposal animals from Poland and Yugoslavia will have their import levy reduced by 70 per cent and those from Romania and Hungary by 60 per cent.

The other area affected by yesterday's Commission decision is processing meat, with the Brussels executive opting for a limit of 52,500 tonnes to include products containing only beef and products containing other meats. The countries affected by this quota are Australia, New Zealand, Uruguay, Hungary and Romania.

Rice thrives as Marxism takes a back seat

Roger Matthews on a triumph for free market economics in Vietnam's paddy fields

A TRIUMPH of the free market economy over the centrally-planned Marxist version is being quietly celebrated in Vietnam.

Quietly, because the official party line in Hanoi is that while fraternal comrades in the Soviet Union and Eastern Union may be having little local difficulties, they will soon regain their former pre-eminence and resume the march towards the fulfilment of the socialist revolution. Political pluralism is not on the agenda in Vietnam.

So, although some experimentation with aspects of the market economy has been permitted, even encouraged, by the old men of the Politburo, there are assumed to be limits beyond which they will not be pushed. But where those limits now lie has been called into question by the extraordinary transformation of food supplies in Vietnam: essentially the availability of rice.

In 1987 and 1988 thousands of Vietnamese were starving and millions more barely had enough food to survive. In April 1988 the Government had to appeal to United Nations agencies for urgent aid, citing 3m people suffering famine conditions and 7m with insufficient food, out of a total population of about 65m.

Eighteen months later not only was Vietnam satisfactorily feeding its population, but to its own amazement had more than 1m tonnes of rice to export, about 10 per cent of its total production. For the past 20 years Vietnam had been a consistent net importer, now overnight it has become the world's third largest exporter. Those officials who feel like jumping on chairs and cheering have restrained themselves, but privately they are cock-a-hoop despite the characterisation of this achievement by Mr Nguyen Van Linh, the Communist Party's general secretary, as "a great revolutionary drive by the peasant masses."

The revolution had been wrought not in the paddy fields of the Red River and Mekong deltas, not by a change in climatic conditions nor by a new strain of rice, but by Ordinances Nos. 10, 169, 170 and 193 of the Central Committee of the Communist Party of Vietnam, 1988. They stated, very simply, that for the first time peasant farmers were to be given long-term rights to the land they tilled; that, after paying taxes and commissions, they could sell what remained of their crops on the free market; that private traders had the same rights as the state to buy agricultural produce; and that state employees were no longer to receive heavily subsidised rice allowances.

While allowing for the serious disruption caused by the wars with France and then the US, it had not been difficult to see that something was badly wrong. In 1988, more than 10 years after the end of the fighting and the reunification of the Vietnam, per capita rice output in the north was no higher than it had been in 1940. In the south, the decline in output accelerated sharply after the military victory of the north and the imposition of collectivisation, dropping from 7m tonnes during the fighting to 6m tonnes after four years of peace.

However it took until 1981 before collectivisation was recognised to be at fault and reformers began timidly to chip away at the edifice. The Government first scrapped the points system that rewarded presence at the workplace rather work itself, and replaced it with a contract that tied farmers to specified levels of production, but which had still to be sold to the State at fixed (low) prices. Production levels improved temporarily and then slipped back again.

It was not until starvation loomed that more effective reforms were introduced. Since last year farmers have rights of 10, 15 or 25 years over specified land, instead of being allocated to areas at the whim of a party bureaucrat.

"The transformation of attitude in the countryside, especially in the north, has been astonishing," said a government official. "People have a stake in the land and if they work hard they can grow more. So now everyone is out in the fields working."

A subsequent reform replaced fixed production quotas with a tax system based on the quality of the land. Once the tax, paid for in grain, had been met, the farmer was allowed to sell whatever surplus he had onto the free market. Or, having met his "tax" for the year, he had the option of using his land for alternative crops which again could be sold for cash at market prices. Now that the farmer has, again for the first time, generated a cash flow he has been given the right to purchase fertiliser in the amounts he requires rather than as allocated by a distant bureaucrat.

"The point is that the farmer can now invest by buying more fertiliser, which will give him a better crop and earn him more money," said the man from the Ministry with the care of a convert wanting to be sure he had correctly explained a rather difficult theory.

But the *coup de grace* came with Ordinance 193 which halted the long-established practice of civil servants and the military being given large fixed amounts of massively subsidised rice according to rank and family size. Government servants tended to build up unneeded stores of rice, or fed it to the pigs, while elsewhere in Vietnam there were terrible shortages.

A government official said the results had been astonishing. "Before, we had needed over 160,000 tonnes of rice a year just to supply these people in Hanoi. Last year, after the new regulations, it dropped to 40,000 tonnes. This freed 120,000 tonnes for distribution elsewhere and for export."

He added that, assuming favourable weather conditions, Vietnam should this year surpass last year's record production of more than 21m tonnes. This could earn the country more than the $300m windfall it netted in overseas sales during 1989.

Perhaps more important, the achievement should significantly strengthen the hands of the younger, reform-minded members of the party who needed a success such as this to press for further liberalisation of the economy. Politically, Marx will not be so easily toppled in Vietnam, but his economic theories are definitely on the skids.

Free market reforms have given peasant farmers incentives to work harder and grow more

Caterpillars attack Indonesian crops

ABOUT 20,000 hectares of rice fields in West and Central Java have been attacked by the white stemborer, a rare pest which has been virtually unknown here in the last half century, reports Reuter from Jakarta.

Mr Russel Dilts, who runs a Food and Agriculture Organisation pest-control programme for rice, said some fields would lose up to 85 per cent of their crops.

The white stemborer is a moth which, while it is still a caterpillar, kills the rice plant by burrowing into its stem.

Unlike the yellow stemborer, which exists permanently at low levels in Java rice fields, the white stemborer appears in epidemics and is much more damaging. "This thing just pops up and is devastating," Mr Dilts explained.

The outbreak apparently began some time ago but it was only reported to authorities within the last two weeks. "Some farmers say these bugs were around even in December," Mr Dilts said.

The pest was common in colonial times but, since modern farming techniques were introduced, it had been virtually unknown. The reason for the outbreak is unclear. "We are having to go back through all the old literature," Mr Dilts said.

Some agriculture officials blame the outbreak on the use of fake pesticides, sales of which have been booming since Jakarta abolished 85 per cent subsidies on pesticides from 1986.

Once the pest is in the rice stem it is too late to control. It must be sprayed with pesticide just as it emerges from the egg.

Meeting sought on Moroccan fishing row

By Peter Bruce in Madrid

PERMANENT representatives of European Community states in Brussels yesterday asked for an urgent meeting of the mixed EC-Moroccan commission that monitors the fishing pact between the two sides in a bid to defuse an increasingly serious blockade of Spain's southern ports by fisherman demanding the agreement be renegotiated.

The blockade, together with high seas, has brought fishing, passenger and commercial traffic to a standstill in Algeciras, Alicante, Malaga, Almeria, Cadiz, Huelva and Tarifa since last Thursday. The trawlermen are protesting against Morocco's decision to increase its fines for illegal fishing in its waters by 1,000 per cent.

At least two seamen have died in the storms and the authorities have used police to break up constant dockside protests. The Spanish Government is also making it impossible for families and supporters to ferry food out to the blockading trawlers.

Although the protesters allowed one passenger ferry to leave Algeciras for the Spanish African enclave of Ceuta on Tuesday, and another one in from Ceuta, about 3,000 people are said to have been trapped on either side of the Straits of Gibraltar by the dispute.

European Commission officials said yesterday that Morocco would probably agree to hold an extraordinary meeting of the commission, which held its annual routine meeting at the end of January. It is, however, highly unlikely that this commission would be able to contribute much to softening the dispute as the fishing pact, negotiated in February 1988, does not cover punishment for illegal fishing.

The Moroccans did follow the letter of the agreement by warning the Community in mid-January that the new fines – of up to $1m depending on the size of the offending trawler – would come into effect in two months and solving the problem created by the blockades will probably have to be done bilaterally between Madrid and Rabat.

That is tricky for the Spanish Government. There are important regional Government election in Andalucia – where all the affected ports are – this summer, and the Government will be hard put not to offend the Andalucian coast's most important industry. On the other hand, Spain is very keen to become Morocco's main ally in Europe, a role it has, until recently, largely surrendered to France.

The Spanish fishermen are demanding the renegotiation of the fishing pact and the suspension of fish imports from Morocco and their blockade, dramatised on television by bad weather, appears to be winning popular support. About 700 Spanish trawlers fish off Morocco but Rabat claims that increasing numbers have been doing so illegally since the fishing pact was struck. The new fines replace a regime last imposed in 1973.

Malaysia slides down tin and rubber leagues

By Lim Siong Hoon in Kuala Lumpur

MALAYSIA'S TIN and rubber production volumes moved in opposite directions last year, but they confirmed the downward trend in the country's importance as a producer of both commodities.

For the second year in succession, the country lagged behind Indonesia in tin production. Malaysia's rose by 11 per cent to 32,035 tonnes while Indonesia produced 10 per cent more with 32,456 tonnes, figures from the Association of Tin Producing Countries show.

Brazil, the biggest producer, reported output of 44,020 tonnes in 1988 and 45,042 tonnes last year. This figure could be higher if independent production is included.

Malaysia's rubber output dropped last year by 14 per cent to 1.42m tonnes, according to its Statistics Department. Indonesian and Thai figures are not available yet.

Last year's January-to-July production statistics for the three countries indicate, however, that Malaysia's dominance is steadily being reduced. Malaysia reported production of 807,300 tonnes, compared with Indonesia's 705,000 tonnes and Thailand's 667,300 tonnes, according to Malaysian Rubber Exchange and Licensing Board. For all of 1988, Malaysian output was ahead of Indonesia's by 425,000 tonnes and of Thailand's by 585,000 tonnes.

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD slipped to $400 a troy ounce on the London bullion market yesterday, and the spot month on Comex touched $399 before midsession. Mr Robert Weinberg, precious metals analyst at James Capel, said London's fall had caused "a little confusion and panic" in the market but gold had been expected to retrace some of its recent gains and was still in a bull market. "It would be unprecedented for gold to go from a bear to a bull market and back again in four months." On the LME cash lead closed at £608.50 a tonne, the highest level for more than 10 years. Traders said the move continued to reflect the extreme supply tightness developing for LME mid-March deliveries against a background of very low stocks. Thetightness reflects the eight-month closure of an 84,000-tonnes-a-year Nuova Samim smelter in Sardinia and other smaller mine and smelter problems over the past few months. Zinc was also boosted by tight supplies – some chartists say the break through $1,510 for three-month special high grade signals the start of a new bull market. London coffee prices again advanced on concern over possible disruption to Ivorian supplies.

Compiled from Reuter

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$16.17-6.26	-.05
Brent Blend	$19.16-9.24z	-.175
W.T.I. (1 pm est)	$21.05-1.10z	-.30
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$216-218	
Gas Oil	167-169	-6
Heavy Fuel Oil	$87-89	
Naphtha	$175-177	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$400.00	-4.75
Silver (per troy oz)♣	514.00c	
Platinum (per troy oz)	$508.55	-1.35
Palladium (per troy oz)	$132.25	+0.50
Aluminium (free market)	$1500	-45
Copper (US Producer)	126⅝-127	+5½
Lead (US Producer)	46½c	+2
Nickel (free market)	405c	
Tin (Kuala Lumpur market)	17.09r	+0.08
Tin (New York)	289c	+8
Zinc (US Prime Western)	70¼c	
Cattle (live weight)†	110.10p	*
Sheep (dead weight)†	218.25p	*
Pigs (live weight)†	96.08p	*
London daily sugar (raw)	$362.2x	+2.20
London daily sugar (white)	$431.0x	-0.50
Tate and Lyle export price	£338.0	+3.00
Barley (English feed)	£109.5	
Maize (US No. 3 yellow)	£127.5	+0.5
Wheat (US Dark Northern)	£131	
Rubber (Apr)♥	56.50p	-0.2
Rubber (May)♥	57.25p	+0.5
Rubber (KL RSS No 1 Mar)	232.5m	+1.0
Coconut oil (Philippines)§	$402.5t	+2.5
Palm Oil (Malaysian)§	$290.0w	+7.5
Copra (Philippines)§	$265.0	+5.0
Soyabeans (US)	£164.5	+1.5
Cotton "A" index	79.50p	
Wooltops (64s Super)	563p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Feb/Mar. t-Mar/Apr. v-Jan/Mar. w-Mar. z-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
May	333.60	329.20	334.00	328.80
Aug	332.60	327.00	332.60	330.00
Oct	323.00	318.60	[illegible]	[illegible]
Mar	302.00	299.40	302.00	299.00
White	Close	Previous	High/Low	
May	429.4	427.5	[illegible]	[illegible]
Aug	428.0	427.0	429.0	425.0
Oct	398.5	397.5	398.5	394.5
Dec	382.5	382.0	381.0	379.5
Mar	377.9	377.0	378.0	374.5

Turnover: Raw 5078 (6664) lots of 50 tonnes. White 2077 (1423)
Paris- White (FFr per tonne): May 2470, Aug 2475, Oct 2320, Dec 2240, Mar 2225, May 2220

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Apr	19.19	19.36	19.26	19.13
May	19.23	19.33	19.28	19.15
Jun	19.21	19.29	19.24	19.15
Jul	19.10		19.10	
Aug	18.96		18.96	
IPE Index	19.41	19.29	19.41	

Turnover: 11189 (9070)

GAS OIL – IPE			$/tonne	
	Latest	Previous	High/Low	
Mar	170.50	170.00	170.75	168.25
Apr	164.00	165.50	164.50	163.00
May	[illegible]	164.00	162.75	160.75
Jun	161.00	162.50	161.50	160.00
Jul	161.75	163.50	162.50	
Aug	163.50	165.50	163.00	

Turnover 7332 (7001)lots of 100 tonnes

WOOL

PRICES paid for Merino wool in Australia rose sharply at this week's sales.

The effect on the AWC market indicator is small, raising it by 4 cents to 894, the 19 micron quotations went up by 86 cents a kilo.

Trade is generally subdued whilst currency volatility is not helping although it has caused increases in UK prices, 64s Super 550p a kilo, 58s average at 345p and 50s carded to 305p.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	697	694	701	694
May	706	713	716	704
Jul	716	727	726	717
Sep	734	742	742	731
Dec	755	766	763	755
Mar	777	785	786	776
May	793	798	796	792

Turnover: 3984 (7374) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 6 852.05 (847.89) 10 day average for Mar 7 834.34 (816.09)

COFFEE – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	717	710	718	689
May	735	722	735	709
Jul	735	732	735	715
Sep	742	739	750	725
Nov	751	745	752	738
Jan	761	760	763	750

Turnover: 10001 (8302) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 5: Comp. daily 79.69 (78.99). 15 day average 71.60 (70.73).

POTATOES – BFE			£/tonne	
	Close	Previous	High/Low	
Apr	174.0	169.5	176.3	170.0
May	210.0	205.5	213.0	206.0

Turnover 583 (690) lots of 40 tonnes.

SOYABEAN MEAL – BFE			£/tonne	
	Close	Previous	High/Low	
Apr	125.00		125.00	125.00
Jun	121.00	120.00	121.00	120.00
Aug	121.00		121.00	120.50
Oct	124.00	122.00	124.00	123.00

Turnover 1501 (50) lots of 20 tonnes.

FREIGHT FUTURES – BFE			$10/index point	
	Close	Previous	High/Low	
Mar	1644	1644	1644	1637
Apr	1656	1655	1658	1655
Oct	1463		1467	1465
Jan	1495		1495	
BFI	1618	1614		

Turnover 74 (125)

GRAINS – BFE			£/tonne	
Wheat	Close	Previous	High/Low	
Mar	111.60	112.35	112.00	111.60
May	114.15	115.20	114.80	114.10
Jun	116.15	117.10	116.65	116.30
Barley	Close	Previous	High/Low	
Mar	104.70	105.75	105.25	104.70
May	106.50	107.15	106.85	106.50

Turnover: Wheat 392 (179), Barley 86 (71).
Turnover lots of 100 tonnes.

PIGS – BFE			(Cash Settlement) p/kg
	Close	Previous	High/Low
Apr	119.0	118.0	119.0
Jun	119.0	119.0	118.5
Aug	115.0		114.0
Oct	119.0	116.5	118.5

Turnover 93 (194) lots of 3,250 kg

LONDON METAL EXCHANGE	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 3,950 tonne
Cash	1504-6	1520-5		1497-8		
3 months	1515-6	1527-30	1533/1508	1508-9	1514-5	21,583 lots
Copper, Grade A (£ per tonne)						Ring turnover 33,725 tonne
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12,212 lots
Lead (£ per tonne)						Ring turnover 12,025 tonne
Cash	607-10	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	145 lots
Nickel ($ per tonne)						Ring turnover 936 tonne
Cash	[illegible]	[illegible]		[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	282 lots
Tin ($ per tonne)						Ring turnover 795 tonne
Cash	[illegible]	[illegible]		[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 22,950 tonne
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1,988 lots
Zinc ($ per tonne)						Ring turnover 1,000 tonne
Cash	[illegible]	[illegible]		[illegible]		
March 30	[illegible]	[illegible]		[illegible]		3 lots

LME Closing £/$ rate
SPOT: 1.6495 3 months: 1.6235 6 months: 1.5857 9 months: 1.5711

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
Morning fix	402.60	244.881
Afternoon fix	400.60	243.087
Day's high	[illegible]	
Day's low	[illegible]	
Coins	**$ price**	**£ equivalent**
Maple leaf	[illegible]	[illegible]
Britannia	[illegible]	[illegible]
US Eagle	[illegible]	[illegible]
Angel	[illegible]	[illegible]
Krugerrand	[illegible]	[illegible]
New Sov.	[illegible]	[illegible]
Old Sov.	[illegible]	[illegible]
Noble Plat	[illegible]	[illegible]

Silver fix	p/fine oz	US cts equiv
Spot	313.15	514.25
3 months	325.40	[illegible]
6 months	337.55	[illegible]
12 months	362.15	[illegible]

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1400	124	133	14	21
1500	59	71	46	58
1600	22	32	109	114
Copper (Grade A)	**Calls**		**Puts**	
2400	178	159	40	59
2500	115	110	77	105
2600	73	73	130	160
Coffee	**May**	**Jul**	**May**	**Jul**
700	84	50	72	38
750	39	35	45	56
800	22	18	80	90
Cocoa	**May**	**Jul**	**May**	**Jul**
650	56	11	36	16
700	25	30	26	37
750	16	21	58	65
Brent Crude	**Apr**	**May**	**Apr**	**May**
1900		43	27	29
1950	23	20		56
2000		7		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Mar	400.5	404.6	400.5	400.5
Apr	403.2	406.1	406.0	400.8
Jun	407.7	411.4	410.0	405.2
Aug	412.0	415.9	414.1	412.0
Oct	416.4	420.5	[illegible]	[illegible]
Dec	420.9	424.7	423.5	420.6
Feb	425.5	429.0	422.5	
Apr	432.5	436.0		

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Apr	507.8	512.0	508.5	504.8
Jul	512.5	517.2	515.0	510.5
Oct	518.0	522.5	519.0	518.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Mar	511.6	511.6	513.5	510.0
May	519.5	518.6	521.5	517.5
Jul	527.0	527.2	529.5	525.0
Sep	535.0	535.3	537.0	534.0
Dec	546.5	547.1	550.8	545.0
Jan	550.0	550.8	551.0	550.0
Mar	558.3	[illegible]	[illegible]	[illegible]
May	567.0	567.1	567.0	

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	119.20	120.55	121.30	118.75
Apr	116.85	117.95	116.85	116.85
May	114.85	115.95	115.80	114.50
Jun	112.60	113.15	112.45	112.30
Jul	110.85	111.45	112.00	110.60
Sep	108.80	109.20	109.35	108.60
Dec	106.50	107.00	107.00	106.20
Dec	105.20	105.80	105.30	105.00

INDICES

REUTERS (Base: September 18 1931 = 100)			
Mar 7	Mar 6	mnth ago	yr ago
1902.6	1899.0	1777.5	1985.1

DOW JONES (Base: Dec. 31 1974 = 100)				
	Mar 6	Mar 5	mnth ago	yr ago
Spot	132.69	130.97	128.28	138.40
Futures	134.41	131.88	126.80	142.15

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Apr	21.06	21.30	21.22	20.98
May	21.27	21.46	21.40	21.22
Jun	21.37	21.52	21.50	21.33
Jul	21.30	21.38	21.49	21.25
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Apr	5930	5722	5740	5580
May	5510	5595	5580	5470
Jun	5405	5470	5465	5400
Jul	5445	5465	5480	5400
Aug	5480	5590	[illegible]	5460
Sep	5605	5613	5605	5600

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	1095	1116	1105	1082
May	1080	1080	1085	1060
Jul	1073	1096	1088	1072
Sep	1087	1111	1098	1087
Dec	1116	1137	1130	1110
Mar	1136	1159	1144	1133
May	1157	1173	1160	1160
Jul	1171	1186	1171	1170

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	101.85	100.67	103.00	101.00
May	102.56	101.24	104.35	101.35
Jul	104.14	102.90	105.50	102.70
Sep	105.77	104.37	107.00	104.00
Dec	107.90	106.85	108.05	106.50
Mar	110.00	108.80	110.00	

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	15.05	14.86	15.10	14.86
Jul	14.85	14.73	14.97	14.76
Oct	14.30	14.25	14.40	14.20
Mar	13.72	13.58	13.74	13.60

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	70.43	70.10	70.43	70.00
May	71.69	71.70	71.85	71.55
Jul	72.15	72.17	72.30	71.90
Oct	67.00	67.15	67.00	66.80
Dec	65.55	65.65	65.60	65.60
Mar	66.22	66.65	66.07	

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	191.00	190.85	193.00	190.00
May	189.35	191.85	194.85	191.20
Jul	190.35	190.90	191.00	188.30
Sep	181.80	177.95	179.00	178.00
Nov	175.00	175.50	175.00	174.00
Jan	172.00	171.25	174.00	172.00

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Mar	576/2	577/6	580/6	576/2
May	590/0	591/4	594/2	589/4
Jul	602/4	603/6	606/2	601/4
Aug	607/0	608/2	610/0	606/0
Sep	604/0	607/0	607/0	604/0
Nov	612/0	612/0	616/4	610/2
Jan	622/4	622/0	625/0	620/0
Mar	632/0	633/0	634/4	630/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	22.12	21.87	22.14	21.84
May	22.25	22.05	22.25	21.93
Jul	22.26	22.08	22.25	22.06
Aug	22.05	21.91	22.05	21.85
Sep	21.70	21.67	21.80	21.58
Oct	21.46	21.45	21.50	21.32
Dec	21.23	21.17	21.30	21.03
Jan	21.12	21.27	21.25	21.00

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Mar	163.2	162.5	163.1	162.5
May	167.7	166.7	168.0	167.0
Jul	172.3	171.5	174.7	171.6
Aug	174.5	173.9	177.0	174.0
Sep	176.5	175.8	176.5	175.8
Oct	177.8	177.5	181.0	178.0
Dec	182.5	181.9	184.5	182.0
Jan	185.8	183.5	185.0	184.5

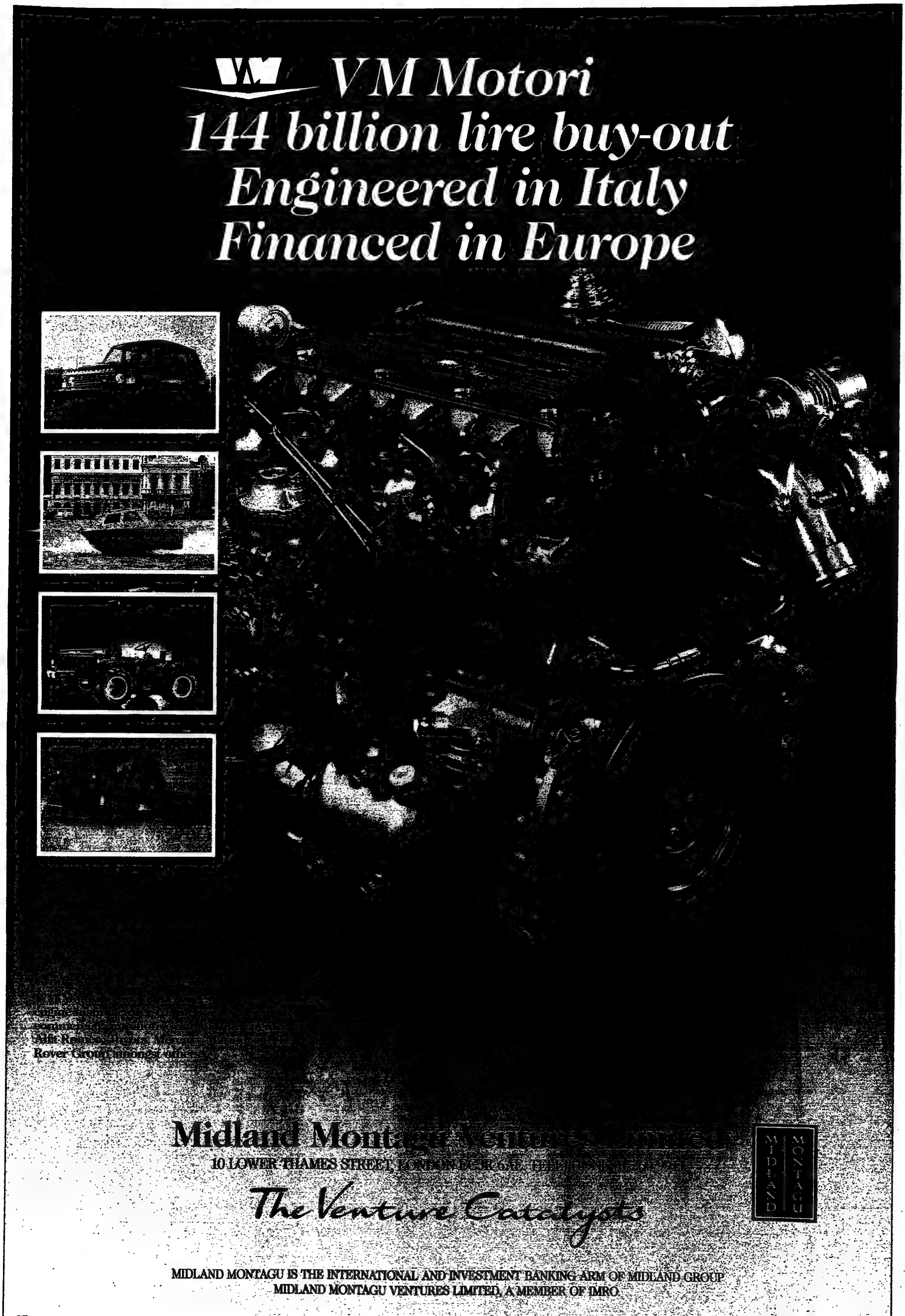
MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	243/0	244/0	244/4	242/4
May	249/4	250/2	251/2	249/0
Jul	253/6	253/4	254/4	253/0
Sep	253/0	252/2	253/2	251/6
Dec	250/4	252/0	252/4	250/4
Mar	258/6	258/2	258/6	258/0
May	259/0	260/0	260/0	259/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	380/6	381/2	383/0	380/0
May	339/0	338/0	339/0	336/0
Jul	339/4	339/0	340/4	336/4
Sep	346/4	345/2	347/2	344/0
Dec	356/2	355/6	357/0	355/0
Mar	365/4	365/0	365/4	364/4

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Apr	76.67	76.70	76.85	76.45
Jun	71.47	71.47	71.60	71.22
Aug	71.37	71.07	71.40	70.90
Oct	73.05	73.02	73.10	72.82
Dec	73.80	73.37	73.95	73.50
Feb	73.60	73.30	73.60	73.25

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Apr	51.42	50.32	51.47	50.50
Jun	56.05	55.30	56.10	55.35
Jul	54.82	54.82	55.70	54.96
Aug	53.40	52.72	53.40	52.75
Oct	47.90	47.62	47.95	47.57
Dec	48.50	48.22	48.50	48.05
Feb	48.67	47.82	48.65	48.10
Apr	45.95	45.95	45.95	45.85

PORK BELLIES 38,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	50.27	48.27	50.27	48.80
May	51.62	49.32	51.32	49.80
Jul	51.67	49.87	51.67	50.15
Aug	50.05	48.05	50.05	48.10
Feb	56.90	55.35	57.00	55.30
Mar	56.95	55.15	56.95	0


VM Motori
144 billion lire buy-out
Engineered in Italy
Financed in Europe
Midland Montagu
10 LOWER THAMES STREET
The Venture Catalysts
MIDLAND MONTAGU
MIDLAND MONTAGU IS THE INTERNATIONAL AND INVESTMENT BANKING ARM OF MIDLAND GROUP
MIDLAND MONTAGU VENTURES LIMITED, A MEMBER OF IMRO.

LONDON STOCK EXCHANGE

Cautious bargain-hunting in equities

THE UK stock market staged a mild recovery yesterday from the sharp setback suffered earlier in the week, helped by some cautious bargain-hunting from the big investment institutions and by a rally in UK Government bonds. The political uncertainties sparked off by the success of Britain's Labour opposition party in the public opinion polls continued, and sterling gave ground again. But the technical rally from a Footsie support area was encouraged by a forecast from UBS Phillips & Drew that the FT-SE could reach 2,500 by mid-year.

The overnight news from *other world markets was* mixed but US buying of UK blue chips brought a firm opening, and London was about 11 Footsie points ahead before the first official calculation of the FT-SE Index. But there was little follow-through, and shares were drifting until traders sensed the traces of a dealing programme. *Although its* tracks were well-covered, the programme was believed to involve a £50m each way operation, with the buy side visible yesterday.

Account Dealing Dates		
*First Dealings: Feb 26	Mar 12	Mar 26
Option Declarations: Mar 8	Mar 22	Apr 5
Last Dealings: Mar 9	Mar 23	Apr 6
Account Day: Mar 19	Apr 2	Apr 17

*New time dealings may take place from 8.00 am two business days earlier

The disclosure that Phillips & Drew had joined BZW and County NatWest in predicting a rise in the Footsie this year and was also prophesying better news on inflation and base rates by the end of the year, was favourable news for the market.

Good profits news from leading UK companies, including GKN and BICC, and corporate deals from British Gas and Tate & Lyle all kept equities firm and at best, in early afternoon, *the FT-SE Index was* nearly 13 points ahead.

Only the subdued level of market turnover took the shine off the day's performance. Seaq volume of 415.3m shares compared with 400.7m on Tuesday, again reflecting a good deal of inter-dealer business; traders admitted that retail or customer business showed only a slight improvement.

UK equities slowed down when Wall Street made an uncertain start to the new session, and the final reading showed the FT-SE Index at 2,230.3, a net gain of 14.3 points.

Anatole Kaletsky writes from New York: *Salomon Brothers yesterday issued here* the first long-term put warrant on the FTSE-100 Index, giving investors a three-year opportunity to bet against the London stockmarket. The warrants, which were in heavy demand, gave holders the right to a cash payment equal to one per cent of the fall in the FT-SE below yesterday's mid-afternoon level of 2282.7. The warrants were issued at $3.30 and rose to $3-5/8 in heavy trading on the American Stock Exchange. Salomon said plans for a companion issue of call warrants, which would have allowed speculators to benefit from a rise in the London stockmarket had been shelved because of lack of demand.

FINANCIAL TIMES STOCK INDICES

	Mar 7	Mar 6	Mar 5	Mar 2	Mar 1	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	77.70	77.53	77.86	78.60	78.60	88.57	89.29 (8/2/89)	77.53 (6/3/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	87.41	87.41	88.12	88.64	88.69	96.30	99.68 (15/3/89)	87.41 (6/3/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1757.0	1746.7	1755.6	1774.2	1754.9	1724.4	2008.6 (5/9/89)	1447.8 (3/1/89)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	286.5	282.8	278.6	283.5	287.5	180.3	378.5 (6/2/90)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2230.3	2216.0	2230.5	2254.6	2238.4	2075.9	2443.7 (3/1/90)	1782.8 (3/1/89)	2443.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.03	5.02	5.00	4.95	4.97	4.40				
Earning Yld %(full)	11.52	11.56	11.51	11.70	11.76	10.76				
P/E Ratio(net)(*)	10.23	10.18	10.24	10.34	10.29	11.24				
SEAQ Bargains(5pm)	24,187	23,159	24,203	21,915	21,303	32,005				
Equity Turnover(£m)†	-	732.55	653.19	1078.34	742.00	1250.01				
Equity Bargains†	-	25,977	23,848	22,287	22,270	37,270				
Shares Traded (ml)†	-	344.5	341.2	472.4	334.0	538.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83. ® Nil 10.17

Ordinary Share Index, Hourly changes — Day's High 1761.3 — Day's Low 1746.6

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1749.7	1747.4	1747.1	1754.0	1757.8	1760.2	1760.1	1759.7

FT-SE, Hourly changes — Day's High 2234.9 — Day's Low 2219.1

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2222.5	2220.0	2219.8	2226.4	2230.3	2232.7	2234.4	2232.3

GILT EDGED ACTIVITY

Indices*	Mar 6	Mar 5
Gilt Edged Bargains	109.3	90.3
5-Day average	91.7	83.7

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request. London report and latest Share Index: Tel. 0898 123001.

Ultramar slips on results

Ultramar slipped against the market trend after posting full-year profits of £187.3m, above the middle of the range of market forecasts.

Researchers were divided in their interpretation of the numbers. Mr Alan Thomas of Kitcat & Aitken said the analysts' presentation was "upbeat," and recommended *investors to* "accumulate the stock over the next few weeks," although the sector as a whole would be weak, he believed. Ms Irene Himona at Hoare Govett took a more cautious line. She said that although the 20 per cent dividend rise was good, profits were only up 8 per cent, when stock gains were stripped out. She rated the stock a weak hold, in line with the rest of the sector.

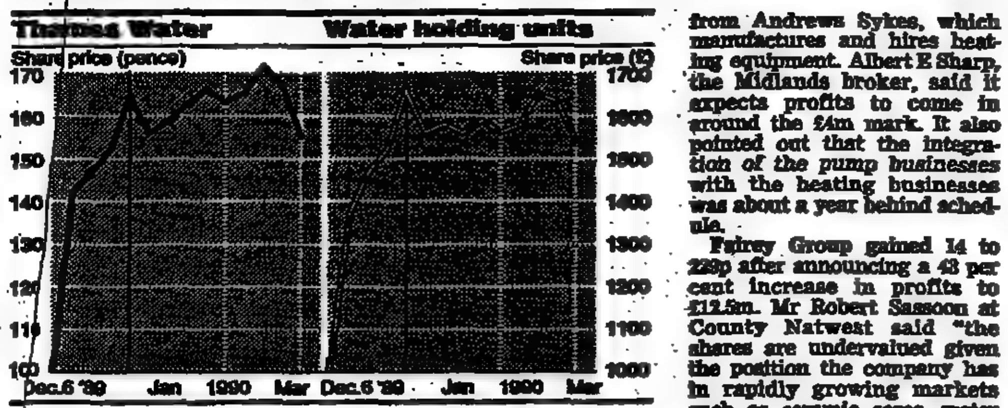
A third analyst said the question was whether Ultramar should be valued in terms of its revenues, in which case it was expensive, or its assets. The asset play depended on the outcome of the offer for sale of a 20 per cent stake in the Huffington liquefied natural gas plant in Indonesia by one of the plant's owners. If this were to achieve around $1bn, said the analyst, then Ultramar, which also has a stake, would command a break-up valuation of more than £4 a share.

Ultramar eased 5 to 364p in profit-taking, not helped by British Gas' Canadian acquisition which dispelled any lingering hopes of a bid for Ultramar.

GKN pleases

A larger than expected dividend was a bonus for shareholders and a surprise to most analysts as GKN reported full year profits in line with market forecasts early yesterday. The company has recommended a 12.5p final dividend, making a total of 20p (17p) an increase of 17.6 per cent following a rise in profits of 11 per cent to £214.8m. The shares extended their recent good run to finish 7 higher at 398p after healthy turnover of 3.1m.

Mr John Goldschmidt at Charterhouse Tilney said the GKN results were "satisfactory in a year which got progressively more difficult, particularly in the fourth quarter." He is predicting 1990 profits of £230m and £260m in 1991. However, Mr Chris Avery at Smith New Court took a more cautious view. He expects a "dull *share performance* over the next few months as US and UK car markets remain weak."



NatWest came under early *pressure following speculation* that it had lost £100m developing a branch record computer system with Logica, the computer consultancy. NatWest was down 5 at one stage, while Logica was off 9.

But the shares cut their losses as NatWest and Logica vigorously denied the report. NatWest said the departure in January of most Logica staff working on the system had been for contractual reasons and work was now being carried on by the bank's own staff.

Mr Chris Wheeler of Shearson Lehman Hutton said: "NatWest fell on the rumours. However once it transpired that the work (by Logica) had been finished on schedule at the end of 1989 the shares started to bounce back." NatWest closed 4 off at 341p, while Logica was down 7 at 320p.

The merchant banks lost ground as the market focused on the slower pace of UK mergers and acquisitions and the slacker turnover in the stockmarket. S.G. Warburg was off 7 at 459p, Kleinwort Benson eased 5 to 389p, while Hambros lost 4 at 300p. A change in recommendation on the merchant banking sector by County NatWest also depressed prices. County recommended investors remain sellers of Hambros, move from buy to sell on Schroders, continue holding Klienwort and switch from buy to hold on Warburg.

Pearson lost 9 to 681p as the merchant banks declined. Pearson has a 50 per cent stake in merchant bank Lazard Brothers.

Barclays added 4 at 585p; as investors switched out of NatWest. Abbey National gained 4 to 192p to close at an all-time high. A presentation to 120 *institutions in Japan yesterday* followed by another today at *UBS Phillips & Drew in London* stimulated investor interest.

The brewing sector perked up when Danish brewer Carlsberg said it might buy a UK brewery. It said it was in talks with "three or four of Britain's biggest breweries."

Dealers and analysts picked on Grand Metropolitan as the most likely target, largely because it has an agreement with Carlsberg which runs out in 1991. GrandMet climbed 10 to 549p. *Scottish and Newcastle* and Bass were also mentioned as possibilities. They rose 12 to 300p and 9 to 998p respectively. Whitbread's "A" shares added 10 at 379p on what any such acquisition might do to the valuations placed on its assets. Allied Lyons also did well adding 11 at 433p; the company hosted a presentation on its foods businesses yesterday. Only Guinness with no appropriate UK breweries, seemed left out. The shares shed a penny to 643p.

Rolls-Royce saw buyers early in the session on the news that Boeing had increased its long-term forecast for the commercial jetliner market between now and the year 2005. Rolls-Royce supplies engines to Boeing. The shares advanced 4 to 170p on turnover of 2.7m shares.

Buying ahead of the figures on Friday helped TI firm 5 to 438p. *Shares in Ricardo Group,* the Sussex-based engines and transmissions designer, jumped 23 to 180p but eventually came off the top to close 18 up at 155p, as the company rejected another approach from First Technology, which unsuccessfully bid for the company in 1989.

Braithwaite dived 110p to 155p as the company warned of a profits shortfall owing to the unusually mild winter. This *has affected the contribution* from Andrews Sykes, which manufactures and hires heating equipment. Albert E Sharp, the Midlands broker, said it expects profits to come in around the £4m mark. It also pointed out that the *integration of the pump businesses* with the heating businesses was about a year behind schedule.

Fairey Group gained 14 to 229p after announcing a 43 per cent increase in profits to £12.5m. Mr Robert Sassoon at County Natwest said "the shares are undervalued given the position the company has in rapidly growing markets such as ceramic cores, water filters and the electrical insula*tion market." He forecast 1990* profits of £14.5m, and £16.6m in 1991.

BICC gained 20 to 422p in a brisk trade of 2.8m shares, responding to a pleasing preliminary statement which showed annual profits up by 29 per cent to £201m. One analyst commenting on the figures said: "Many expected the figures to show a slowdown in 1989 but that did not happen."

Upgradings of Rothmans from BZW and S. G. Warburg pushed this lightly traded stock 22 better to 622p on above-average turnover of 869,000 shares. Mr Mark Duffy at Warburg said the value of Rothmans' underlying investments and cash exceeded its market capitalisation. This appeared to put a negative value on the core business. BZW increased its profit forecast for the current year from £385m to £390m and by the same amount for next year to £425m. It changed its recommendation from hold to buy.

Tate & Lyle eased a penny to 297p against a rising market as a 1m block of shares changed hands. Dealers said 500,000 had been placed, 250,000 had traded through the inter-dealer brokers, leaving 250,000 overhanging the market.

Tesco added a penny to 198p as BZW food team said they were "unreservedly bullish about Tesco's pre-tax profits growth prospects over the next three years," and upgraded its forecast for the current year to £391m from £378m.

Trading statements helped to check forward progress in some building stocks. The chairman's admission that 1990 will probably be another difficult year put Heywood Williams down to 225p before a late rally restored the price to the overnight level of 230p.

News of two convertible capital bond issues, raising IR£75m and $72m respectively, lowered Irish-based CRH 5 to 270p; both companies' annual profits were in line with expectations.

Continuing talk that aggregate prices were set to rise by 10 per cent touched off fresh buying of Redland, up 5 further at 535p, but Higgs & Hill slipped 9 to 390p as bid hopes faded.

US buying, which has supported Saatchi and Saatchi in recent days, dried up and the shares fell 3 to 139p in thin volume. Wall Street seemed to turn its attention instead to Blue Arrow, whose shares are largely traded in the US. Blue Arrow climbed 4 to 90½p, although turnover was unexciting for the stock at 1.3m.

More O'Ferrall jumped 15 at one point after revealing profits 37 per cent higher at £13.1m. The range of market forecasts was £11¾m to £12¼m. The company cautioned, however, against being too optimistic on prospects for the current year. Analysts at S. G. Warburg left their forecast unchanged at £14¼m, and the shares trickled back to the previous night's closing level of 418p.

Among the miscellaneous financial issues there were contrasting features. Overseas-based fund management group, Templeton Galbraith & Hansberger, went higher influenced by favourable comment on Tuesday's preliminary results to close 6 dearer at 215p. But Farrish, which provides agency stockbroking services to private clients, fell 5 to a lowest-ever 25p on concern over the continuing poor level of SEbusiness; rumours were also heard of a possible bid of 20p a share.

With the equity market in better shape, the water stocks rallied from their recent falls (see chart). After recently regaining its trading peaks, the sector has weakened this week on two counts; the success of the Labour Party in the public opinion polls has revived the spectre of a possible return to non-privatised status for the water companies, while the UK Government's plans to curb disposal of sewage in the North Sea has faced some companies with unexpected cost increases.

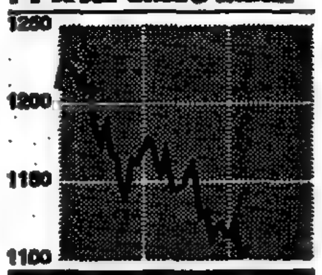
Thames Water, which said yesterday that the ban on North Sea dumping could cost it between £70m and £100m over several years, eased afresh to 152p. Thames added that it expects to recover the costs direct from its customers.

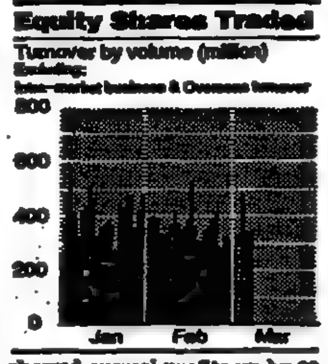
However, the Water Holding Companies Packaged Units, the favoured instrument for investors seeking a stake across the range of the recently-privatised companies, moved up from £1550 to £1565.

Also firmer was Severn Water (143p) which has been recommended by leading analysts because it has no involvement in North Sea dumping. Small recoveries were also chalked up yesterday by Wessex (170p) and Welsh (170p).

British & Commonwealth eased 2 to 52p, having been as low as 49p at one stage, as selling continued after news that it would receive less for the sale of Gartmore, its UK fund management, than had been previously thought.

■ Other Market statistics, including the FT-Actuaries share index, Page 27





TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
[illegible]			

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (16). BRITISH FUNDS (1) AMERICANS (1) CANADIANS (1) BANKS (1) ENGINEERING (1) INDUSTRIALS (1) Ricardo, OILS (2) OVERSEAS TRADERS (1) MINES (1). NEW LOWS (161). BRITISH FUNDS (1) FOREIGN BONDS (1) AMERICANS (1) BANKS (4) BREWERS (1) BUILDINGS (9) CHEMICALS (1) ELECTRICALS (5) ENGINEERING (8) FOODS (6) HOTELS (2) INDUSTRIALS (21) [illegible] LEISURE (7) MOTORS (5) NEWSPAPERS (3) PAPERS (4) PROPERTY (8) TEXTILES (2) TRANSPORT (2) TRUSTS (8) OILS (1) MINES (3) THIRD MARKET (3). [illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

BRITISH FUNDS—Contd

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

Continued on next page

APPOINTMENTS

Changes at Legal & General

■ LEGAL & GENERAL INSURANCE has appointed Mr Norman Jackson as its general insurance manager in Scotland following the retirement of the present manager Mr Alec Parker. Mr Jackson has spent the last seven years as general insurance manager in Belfast.

■ Mr Steven J. Moore has been appointed a director of JOHN LAING CONSTRUCTION. He was *managing director of* Laing Midlands, Birmingham.

■ Mr Bill Trendell has been appointed finance director of DOEFLEX. He was with BTR.

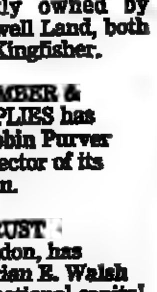
■ RECHEM ENVIRONMENT SERVICES has appointed Mr Michael Pullen as managing director of Terramicus, a landfill subsidiary. He remains Rechem International's sales and marketing director.

■ Mr Jonathan Browning, manager, marketing services, has been promoted to service and distribution director, cars and vans, at VAUXHALL MOTORS.

■ Mr David Williams has been appointed chairman of STEEL BURRILL JONES MARINE REINSURANCE BROKERS.

■ Mr Rodney Hall has been appointed general manager of ROYAL LIFE FUND MANAGEMENT in succession to Mr Peter Baines. Mr Hall was deputy managing director of CIGNA Unit Trust Managers.

■ B&Q, Southampton, has appointed Mr Terry *Hartwell* to the new post of development director, on the main board. He was property director, and will now include store developments and acquisitions. Mr Hartwell is also a director of Portswood *Developments*, a property company jointly owned by B&Q and Chartwell Land, both subsidiaries of Kingfisher.



■ HARCROS TIMBER & BUILDING SUPPLIES has appointed Mr Robin Purver as managing director of its north west region.

■ BANKERS TRUST COMPANY, London, has *appointed* Mr Brian E. Walsh as head of international capital markets. He was president and chief executive officer of BT Bank of Canada. BT has appointed Mr Alberto Bellardi Ricci as vice president, private banking group. He was a manager in the financial markets group of Banca Nazionale Del Lavoro in London and treasury manager of BNL Investment Bank.

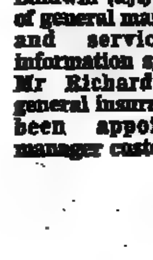
■ Following the offer for WALTER ALEXANDER by Spotlaunch being declared unconditional, the following have been appointed to the board of Walter Alexander: Mr Robin Hodgson, chairman of Spotlaunch and managing director of Granville & Co which formed Spotlaunch; Mr Nicholas Moy, *a director of* Spotlaunch and Granville; and Mr Ian Galloway, formerly managing director of RHP Bearings.

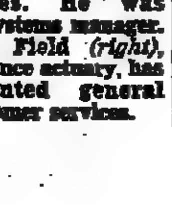
■ Mr John Downs has been appointed divisional director responsible for G-Plan, Derwent, Caspa and Christie-Tyler International. He was managing director of Derwent.

■ TROLLOPE & COLLS CONSTRUCTION, a Trafalgar House company, has appointed Mr Richard Huxster as assistant managing director; Mr David Shadwell as a director; and Mr Paul Hastings as marketing director. CLARK *& FENN*, another Trafalgar House company, has appointed Mr Philip Carre, divisional financial controller, as finance director. He has been given additional responsibilities as financial director for the specialist sub-contracting sector.

■ LAMBSON GROUP, Harrogate, has appointed Mr Jeremy F. Atkinson as group finance director.

■ MAYFLOWER GROUP has appointed Mr Bob Curgenven as deputy chairman, Mr Len Harvey as chief executive, and Mrs Jenny Cornish as a director. The group is amalgamating the moneybroking businesses of two subsidiaries - Sterling Brokers, and Mayflower Capital Market & Treasury Services - into one company, *Mayflower Brokers*. Mr John Rippon has been appointed chairman and Mr John Calvert chief executive of the new company, with Mr Chris Malle, Mr Frank Woodford, Mr Godfrey Haslehurst and Mr Mike O'Brien as managing directors, and Mr Jon Lees and Mr *Douglass* Welch as directors. Mr Malle also becomes chairman of Mayflower Capital Market & Treasury Services, with Mr Charles Dobson as managing director, Mr Mike Jones deputy managing director, and Mr Ray Jones a director.





TSB GENERAL INSURANCE has appointed Mr Chris Baldwin *(left)* to the new post of general manager technology and services. He was information systems manager. Mr Richard Field *(right)*, general insurance actuary, has been appointed general manager customer services.

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

BANKS, HP & LEASING

1989/90 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
*303	216	ANZ $A1	254	−1	44c	1.4	7.8	9.1
192	134	Abbey National 10p	192	+4	8.5	q3.2	6.1	6.8
*282	120½	Allied Irish Ord	246	......	9068%	3.3	3.3	12.7
£13¼	£11½	Algemene Fl.10	£12¼	+¼	Q28%	2.0	7.2	6.9
*85	61	Anglo Irish	75	......	Q18.7%	2.7	5.9	10.2
81	57	Ansbacher (H.) 1p	78	......	2.5	♦	4.4	♦
£72¼	£38½	Bancaire Cie Fr100	£58¼	......	Q12¼%	−	2.3	−
646½	£35¼	Banco Bilbao Viz	£37¾	......	Q35.7%	2.0	3.6	13.9
£33	£25½	Banco de Santander	£25¾	......	Q25%	2.4	4.1	5.5
*286	169	Bank Ireland Ir£1	257	......	Q12%	3.2	4.5	8.8
£19½	£17¼	Bank Leumi	£19½	......	−	−	−	−
350	345	Bank Leumi (U.K.)	349	......	†13.5	−	5.2	−
125	88	Bank Scotland	115	......	†3.8	3.6	4.4	8.3
111¼	95	Do. 9¾pc Irrd Pf	93¼	......	9¾%	−	13.2	−
*67	49	Bank of Wales	52	......	2.8	1.6	7.2	10.9
*588	404	Barclays £1	585	+4	27.4	q3.6	6.4	5.6
31	19	Beachmark 20p	19	......	1.63	1.0	11.4	10.9
363	285	Brown Shipley £1	313	......	†10.5	−	4.5	−
455	325	Cater Allen £1	413	......	23.5	−	7.6	−
259	149	Chancery	149	−1	†8.0	2.8	7.2	6.6
£23¼	£14½	Commerzbk DM10	£20¼	−¼	Q18%	−	3.2	−
*£29	£22½	C'hgn.Hbk.Kr100	£24½	+½	Q15%	−	5.9	−
£16¾	£10¼	Dai Ichi KBk Y50	£18¼	−¼	†Q16%	8.8	0.3	38.4
*£314	£156¼	Deutsche Bk DM50	£271¾	+2½	Q24%	−	1.6	−
£22¼	£17¼	Espirito Santo	£20	......	Q75c	3.3	2.3	13.6
260	182	First Nat. Fin. 10p	218	......	13.0	2.4	8.0	6.7
134	90	FNFC 6.3pc Cv. Pf	113	......	6.3%	−	7.4	−
£16½	£12½	Fuji Bank Y50	£12¾	......	Q15.6%	4.2	0.2	−
325	230	Gerrard & National	272	......	18.5	−	9.1	−
154	118	Guinness Mahon 10p	150	......	♦2.1	−	1.9	−
328	197	Hambros 20p	308	−4	†10.0	−	4.4	−
128	90	Do. 7.5pc Cv Pf	122	−2	7½%	−	8.2	−
60	39	HK & Shang. HK$2.50	56½	−½	HQ36c	−	4.9	−
495	423	Joseph (Leo) £1	458	−5	15.85	−	4.6	−
145	115	King & Shaxson 20p	138	......	9.25	−	8.9	−
422	277	Kleinwort Benson Grp	389	−5	14.0	−	4.8	−
307½	213	Lloyds £1	281xd	−1	13.5	q2.6	6.3	8.1
56	40	Lon. Scot. Bank 10p	49	−1	2.4	1.8	6.5	10.3
406	287	Midland £1	329xd	−1	18.0	q2.7	7.3	6.8
£15¼	£10½	Mitsubishi Bank Y50	£10½	......	†Q16%	8.1	0.3	42.5
£14¼	£9½	Mitsubishi Tst & Bk Y50	£9½	+¼	Q16%	8.2	0.3	36.0
934	636	Mitsui Tst & Bk Y50	636	−18	Q16%	7.1	0.5	28.2
*352	269	Nat. Aust. Bk. A$1	291	−4	Q50c	1.6	7.8	8.0
365	259	NatWest £1	341xd	−4	16.7	q3.2	6.5	6.2
£220	£160	Ottoman Bank	£200	......	Q90%	−	4.5	−
83	44	Rea Bros. Group	44	−1	0.5	−	1.5	−
*240	155	Rothschild (J) Hldgs.	178	......	†9.5	3.6	7.1	5.1
227	139	Royal Bk. Scotland	186	......	7.2	3.8	5.2	6.5
822	569	Saitama Bank Y50	599	−20	†Q13%	4.7	0.4	49.4
*£13¼	981	Sanwa Bank Y50	£10¼	......	†Q16%	8.3	0.3	38.4
1805	870	Schroders £1	1725	......	19.5	−	1.5	−
1425	655	Do. £1 N/V	1350	......	19.5	−	1.9	−
£33¼	£19¼	Sec. Pacific $10	£23¼	......	Q$1.96	−	5.0	−
*616	449	Standard Chartd. £1	573	−2	33.9	2.9	7.9	4.9
£19	£11½	Sumitomo Bank Y50	£11½	−¼	†Q16%	7.5	0.3	48.8
£11¾	£8¼	Sumitomo Tst & Bk Y50	£8¾	−¼	†Q16%	8.1	0.4	32.8
147	97	TSB	136	+2	5.8	2.8	5.7	8.8
234	140	TSB Chnnel Is'l	154	−3	Q6.7	3.5	4.4	7.7
£11¾	£7¼	Tokai Bank Y50	£7¼	......	Q16%	4.1	0.4	56.7
975	733	Toyo Tst & Bk Y50	771	−25	HQ15.2%	6.9	0.4	37.1
611	470	Union Discount £1	548	−3	33.0	−	8.0	−
525	277	Warburg (S.G.)	459	−7	†12.5	−	3.6	−
180	98	Do 6pc Cnv Prf	150xd	−5	6%	−	5.3	−
*284	226	Westpac $A1	243	−2	Q52.5c	1.5	9.8	6.7
468	408	Wintrust 20p	408	......	†7.8	−	2.5	−
1016	691	Yasuda Tst & Bk Y50	717	−6	HQ17%	9.3	0.5	22.9

Hire Purchase, Leasing, etc.

1989/90 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
345	224	Anglo Grp. 10p	238	−2	†5.0	4.1	2.8	9.3
£190	£99½	Do. 9½pc 1999	£164½	+1	Q9½%	−	9.1	−
*373	110	CLF Yeoman 50p	128	−3	†Q24%	3.4	8.7	3.8
71	56	Cambridge Grp Ir5p	65	......	Q7½%	14.0	0.5	16.7
100	37	Capital Leasing Ir.10p	37½	+½	†Q12%	♦	3.0	♦
78	51	Cattle's (Hldgs) 10p	64	......	†3.25	2.2	6.8	9.0
665	576	Kyowa Bank Y50	596	−9	Q14%	4.7	0.5	42.9
408	303	Prov. Financial	392xd	−3	20.5	♦	7.0	♦
235	100	Reflex Invs. Ir5p	220	......	Q26.4%	♦	0.6	♦
236	146	Secure Trust Grp. 1p	220	......	W7.09	1.5	4.3	11.1
208	127	Woodchester Ir20p	190	......	†Q11¼%	6.2	1.1	17.3

BEERS, WINES & SPIRITS

1989/90 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
577½	417	Allied-Lyons	433	+11	†15.0	2.4	4.6	10.2
£29	£17½	Anheuser-Busch $1	£21¼	+½	72c	−	1.8	−
1155	793	Bass	924	+9	28.2	3.1	4.1	10.6
205	133	Boddington	139	......	4.3	2.5	4.1	12.6
200	136	Bulmer (H.P.) 5p	176	+1	†6.75	1.4	5.3	17.3
255	192	Burtonwood Brewery	210	......	3.55	2.9	2.2	24.4
450	365	Clark (Matthew)	365	......	†13.0	2.8	4.7	10.2
[illegible]								

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

1989/90 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
135	99	Chieftain Grp 5p	130	−2	4.5	2.3	4.7	12.2
*105	73	China Light HK$5	105	+1	Q72c	2.6	5.3	5.8
337	156	Christies Int'l 5p	320	+3	hq4.75	2.8	2.0	21.7
210	144	Clayhithe	179	......	†4.25	3.9	3.2	10.3
15½	7½	Clearmark 5p	10	......	−	−	−	−
45	28	Coated Elct. 5p	31	......	−	−	−	−
28½	15	Colorgen Inc. $0.01	15	......	−	−	−	−
177	20½	Colorell 10p	22½	+½	7.6	1.6	−	1.6
*61	28	Comae Group 5p	32	......	g1.25	6.2	5.2	4.9
231	153	Community Hospital	218	−3	14.5	2.6	2.8	16.9
128	53	Co. of Designers 5p	56	......	3.5	♦	8.3	♦
273	209	Computer People 5p	265	......	†4.85	3.7	2.4	14.0
[illegible]								

INDUSTRIALS (Miscel.) – Contd.

1989/90 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£31¼	£17¼	Schlumberger $0.01	£29¾	+¼	Q$1.20	−	2.4	−
523	218	Scott Robertson	246	−3	15.0	3.4	2.8	13.0
155	115	Do. 7½pc Cv.Rd.Pf.	123	−2	7½%	−	8.1	−
191	103	Scot. Heritable Tst.	105	+2	†6.0	3.3	7.6	5.3
*1060	385	Securicor Group	865xd	......	1.52	♦	0.2	♦
*985	337½	Do. 'A' N-V	811xd	......	1.52	♦	0.2	♦
319	199	Securiguard Grp 5p	310xd	−1	8.0	♦	3.4	♦
200	142	Security Archives 20p	175	......	†5.0	2.1	3.8	14.6
*833	350	Security Services	668xd	......	2.91	♦	0.6	♦
*186	91	Select Appointments 5p	92	−2	†3.5	5.2	5.1	4.4
365	258	Serco Group 2p	361	......	9.5	♦	3.6	♦
1313	1037	Sharps & McLean 50p	1295	......	†19.0	2.4	2.0	28.1
[illegible]								

INSURANCES

[illegible]

LEISURE

[illegible]

هكذا في الأصل

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES—Contd

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ▼ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ◆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ¶ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ◆ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ⊠ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ‖‖ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p γ	83	......
Craig & Rose £1 γ	820	......
Finlay Pkg. 5p γ	57	......
Holt (Jos) 25p γ	1340	+5

IRISH

Cap. 8¾% Ln 1991	£96	......
9pc Cap Ln 1996	£90	......
Fin. 13% 97/02	£107½	+½
Arnotts	430	......
Carrol (P.J.) γ	153	+3
Hall (R. & H.)	185	......
Helton Hldgs γ	90	......
IRG	215	+5
United Drug	165	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	39
Amstrad	5½
Astec (BSR)	54
BAT	83
BOC Grp	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit Aerospace	42
British Steel	7
Brit Telecom	25
Cadburys	27
Charter Cons	40
Comm Union	40
Courtaulds	31
Eurotunnel	60
FKI	7
FNFC	21
Gen Accident	90
GEC	18
Glaxo	56
Grand Met	45
Guardian	19
GKN	33
Hanson	13
Hawker Sidd	55
ICI	85
Ladbroke	25
Legal & Gen	34
Lex Service	26
Lloyds Bank	22
Lucas Inds	32
Marks & Spencer	17
Midland Bk	27
Nat West Bk	29
P & O Dfd	50
Polly Peck	37
Racal Elect	19
RHM	35
Rank Org Ord	48
Reed Intnl	33
STC	20
Sears	9½
SmKl. Beecham A	46
TI	38
TSB	11
Tesco	17
Thorn EMI	41
Trust Houses	22
T&N	17
Unilever	56
Vickers	18
Wellcome	68

Property

Brit Land	32
Control Secs	5
Land Securities	44
MEPC	44
Mountleigh	14

Oils

Aviva Petim	5½
Brit Petroleum	28
Burmah Oil	52
Conroy Petim	12
Gaelic Res	4½
Premier	10
Shell	37
Tuskar Res	10
Ultramar	32

Mines

Lonrho	22
RTZ	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

GUIDE TO UNIT TRUST PRICING

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Thornton Unit Managers Ltd (1000)F
33 Cavendish Sq., London W1M 7HF 01-493 7262
Dealing 01-493 8545

	Init Chge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Opps	5	50.42	51.35xd	54.77	+0.10	0.96
(Accum Units)	5	51.89	52.85xd	56.36	+0.32	0.96
European Opps	5	74.45	74.71	79.68	-0.07	0.00
(Accum Units)	5	74.85	75.12	80.11	-0.08	0.00
Far Eastern Opps	5	136.45	136.66	145.76	-0.16	0.00
(Accum Units)	5	137.32	137.54	146.69	-0.17	0.00
Golden Opps	5	45.04	45.04	48.04	+0.32	0.00
(Accum Units)	5	46.33	46.33	49.41	+0.33	0.00
Intl Hi-Yield	5	58.70	59.19	63.12	-0.16	4.37
(Accum Units)	5	63.75	64.25	68.52	-0.13	4.37
Sanyo Japan Tst	5	68.67	68.67	73.23	-0.55	0.00
(Accum Units)	5	68.67	68.67	73.23	-0.55	0.00
Kangaroo	5	31.79	31.79	33.90	+0.05	1.52
(Accum Units)	5	31.47	31.47	34.09	+0.05	1.52
Oriental Income	5	34.37	34.43	36.72	-0.05	3.10
(Accum Units)	5	38.53	38.59	41.16	-0.05	3.10
Pacific Technology	5	60.30	60.30	64.30	+0.07	0.00
(Accum Units)	5	60.78	60.78	64.82	+0.16	0.00
Tiger	5	151.28	151.28	161.35	-0.26	0.68
(Accum Units)	5	153.64	153.64	163.87	-0.26	0.68
UK Hi-Yield	5	42.51	42.51	45.33	-0.16	5.05
(Accum Units)	5	48.60	48.60	51.83	-0.18	5.05
UK Opps	5	54.13	54.79xd	60.75	-0.17	1.51
(Accum Units)	5	58.99	61.00xd	66.08	-0.19	1.51

Three Counties Asset Mngmt Ltd (1430)F
Caldbeck House, Tower Road, Washington NE37 2SH
091 415 3034

Balanced Portfolio	6	90.94	91.99	97.86	+0.67	4.00

Touche Remnant Unit Tst Mngt Ltd (1600)F
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 01-248-1250
4 Hourly Pricing—12 Noon Historic

TR American Gwth	5¼	46.87	46.87xd	49.99	+0.05	0
TR Eur Sp Sits Acc	5¼	42.00	42.00	44.49	+0.01	0
TR Eur Sp Sits Inc	5¼	41.19	41.19	43.82	+0.01	0

[illegible]

J. Rothschild Fund Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Gr's
Intl Exempt	142.6	144.2	—	3.56

Stewart Ivory & Co Ltd

Scots PPP Feb 14	258.6	272.3	—	—

Closed to new business

Thornton Unit Managers Ltd

Managed Exempt Mar 1	99.36	104.14	—	3.90
(Accum Units)	100.49	106.79	—	3.90

Touche Remnant Unit Tst Mngt Ltd

TR Exempt European	1064	1080	—	1.47
TR Exempt Nth Amer	936	[illegible]	—	3.45
TR Exempt Pac Basin	944	[illegible]	—	0

INSURANCES

AA Friendly Society
Investment Mngt M & G Inv Mngt Ltd

AA Friendly Sy Feb 9		173.3	—	—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	301.0	316.9	—	—
Equity Ser. 1	127.9	134.7	-0.7	—

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Managed Cautionary	102.4	107.4	+0.3	–
Managed Growth	138.8	146.2	−0.3	–
Managed Opportunity	142.7	150.3	−0.4	–
NFMC Target Financial	99.3	104.6	−0.6	–
Pension Funds				
Managed Cautionary	107.3	113.0	+0.3	–
Managed Growth	142.9	150.5	−0.3	–
Managed Opportunity	144.8	152.5	−0.5	–
NFMC Target Mngd Pen	1496.5	1575.3	+5.5	–

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Fund	219.7	231.3	−1.9	–
Managed Pension Fund	184.5	194.3	−1.5	–
Pens Managed	281.5	296.4	+0.1	–
Pens UK Equity	328.3	345.6	−3.6	–
Pens Overseas Equity	392.2	412.9	+17.3	–
Pens Property	163.3	171.9	+0.2	–
Pens Fixed Interest	170.2	179.1	−4.5	–
Pens Index Linked	142.7	150.3	−0.2	–
Pens Deposit	190.7	200.8	+0.5	–
Harvester & P.R.P.				
UK Equity	143.5	151.1	−2.4	–
Overseas Equity	140.4	147.8	+6.2	–
Fixed Interest	116.2	122.4	−2.9	–
Property	135.9	143.1	+0.3	–
Index Linked	129.6	136.5	−2.9	–
Deposit	132.3	139.3	+0.4	–
Managed	141.9	149.4	+0.1	–
With Profits	135.6	142.8	+0.3	–

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	336.3	354.1	+1.1	–
UK Equity	425.3	447.7	+1.8	–
Overseas Eq.	354.8	373.5	+1.9	–
Americas	265.9	279.9	+2.6	–
Far East	390.0	410.6	−2.6	–
Property	219.9	231.5	−0.2	–
Fixed Int.	210.8	221.9	----	–
Indexed Gilt	135.9	143.1	−0.3	–
Deposit	160.4	168.9	----	–
Pension Fund (Accum Units)				

Providence Capital Life Assc. Co Ltd — Contd.

	Bid Price	Offer Price	+ or −	Yield Gross
Property Initial	146.9		−0.1	–
Money Initial	79.0		----	–
Special Market Initial	136.8		+0.1	–
Japan Equity Initial	106.7		−1.4	–
North American Initial	85.4		+1.2	–
Pacific Initial	80.4		−0.5	–
Technology Initial	104.6		−0.6	–
Nat Resources Initial	55.8		−0.1	–
European Initial	102.9		+0.7	–
Residential Prop Init	103.8		+0.4	–
Swiss Equities Initial	36.4		----	–
Hong Kong Initial	47.9		+0.1	–
UK High Inc Eq Init	67.6		−0.1	–
Int. Fixed Interest Init	48.2		−0.1	–
Int. Managed Init	55.7		----	–
HIP Managed Init	112.7		−0.1	–
Broker Funds				
High Performance	75.0	79.1	----	–
Townhill Mngd Fd Acc	50.8	53.5	−0.8	–
YRA Executive Fd	91.7	96.7	+0.2	–
£ Global Growth Acc	130.5	137.6	----	–
£ High Income Money Acc	111.4	117.7	----	–
IM Balanced		55.1	−0.1	–
H.F. Speculator Fd		155.9	−1.0	–
PEP Acorn II		124.2	−0.3	–
PEP Cautionary		86.0	+2.6	–
AAFS Int. Man Fund		118.6	−0.7	–
Andrews-Green Inv Port		105.1	----	–
Individual Pension Funds				
UK Equity Acc	218.3	230.3	−0.3	–
UK Fixed Interest Acc	173.1	182.6	−0.3	–
Intl Equities Acc	243.7	257.1	----	–
UK Managed Acc	179.2	189.0	−0.2	–
Property Acc	208.9	220.4	−0.2	–
Money Acc	136.3	143.8	+0.1	–
Special Market Acc	275.9	291.1	+0.4	–
Japan Equity Acc	217.6	229.6	−3.6	–
North American Acc	129.9	137.1	+2.2	–
Pacific Acc	197.3	208.2	−1.6	–
Technology Acc	176.4	186.1	−1.5	–
Natural Resources Acc	111.8	118.0	−0.3	–
European Acc	136.3	143.8	+1.1	–
Residential Prop Acc	114.1	120.4	+0.6	–
Swiss Equities Acc	37.5	39.6	−0.2	–
Hong Kong Acc	49.7	52.5	+0.2	–
UK High Inc Eqt Acc	74.6	78.7	−0.3	–

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Money Market Trust Funds

Money Market Bank Accounts

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar shrugs off intervention

CENTRAL BANKS appeared to be losing the battle against a strong dollar yesterday. The US currency continued to advance, particularly against the Japanese yen, in spite of very heavy co-ordinated intervention by the Group of Seven and several other central banks.

By the time trading closed in London the US Federal Reserve had intervened five times to sell an estimated $500m against the yen and the D-Mark, but the US currency was around its highest levels of the day, above Y151.00 and DM1 7000. Earlier in the day the Bank of Japan intervened for the ninth successive trading day, selling an estimated $500m to $1bn to support the yen.

Officials from the Group of Seven, meeting in Japan, agreed that the recent depreciation of the yen does not reflect economic fundamentals and is undesirable. The G7 reaffirmed its commitment to a co-ordinated currency policy and to prevent excessive declines by the yen and D-Mark.

At about the same time there was co-ordinated intervention to sell the dollar, with some 13 central banks joining in yesterday's action.

The lack of appeal of other currencies, such as the yen, D-Mark and sterling, increased the demand for the dollar and made the task of the central banks more difficult. The fragile Tokyo equity market may have prevented a rise in the Bank of Japan's discount rate, but dealers believe the present weakness of the yen means the central bank is likely to seriously consider raising rates when the Governor of the Bank of Japan returns from a visit to Europe on March 15.

The D-Mark is suffering from fears about the inflationary impact of German monetary union, and the market no longer regards sterling as an attractive alternative, after January's disappointing UK trade figures and the apparent lack of popularity of the British Conservative Government.

After touching a peak of DM1.7100 the dollar closed at DM1.7070 in London, compared with DM1.7010 on Tuesday. The US currency also rose to a peak of Y151.35, before finishing at Y151.25 against Y149.80 previously. Against other currencies the dollar advanced to SFr1.5065 from SFr1.4995 and to FFr5.7675 from FFr5.7500. The dollar's index rose to 68.3 from 68.0.

Sterling remained out of favour, losing 1.10 cents to $1.6390. It also fell to DM2.7975 from DM2.8075; to SFr2.4700 from SFr2.4750; and to FFr9.4525 from FFr9.4875, but rose to Y248.00 from Y247.25 against the weak yen. The pound's index shed 0.2 to 87.8.

Trading was quiet in the European Monetary System. The lira was top of the system, and improved slightly against the D-Mark. In Milan the Bank of Italy bought DM142m at the fixing, and at the London close the West German currency had eased to L737.70 from L737.80. The French franc also gained a little ground against the D-Mark.

EURO-CURRENCY INTEREST RATES

£ IN NEW YORK

POUND SPOT - FORWARD AGAINST THE POUND

STERLING INDEX

CURRENCY RATES

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

EMS EUROPEAN CURRENCY UNIT RATES

OTHER CURRENCIES

Mar.7	£	$
Mexico	4470.05-4489.75	2726.00-2736.00
N. Zealand	2.7840-2.7890	1.6975-1.6995
Saudi Ar.	6.1200-6.1745	3.7495-3.7505
Singapore	3.0715-3.0785	1.8725-1.8745
S. Af (Cm)	4.2340-4.2450	2.5825-2.5840
S. Af (Fn)	6.2330-6.3055	3.8020-3.8460
Taiwan	42.85-42.95	26.15-26.20
U.A.E.	6.0415-6.0480	3.6715-3.6735

*Selling rate

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

CAC-40 FUTURES (MATIF)

Stock Index

	Open	Close	Change	High	Low	Open Int.
March	1865.0	1874.0	+7.0	1878.0	1864.0	7,909
April	1868.0	1876.5	+10.5	1878.0	1865.0	768
May	1870.0	1870.0	+4.0	1870.0	1870.0	89
June	-	-	-	-	-	37

Estimated volume 3,338 Total Open Interest 8,802

STERLING $s per £

	Latest	High	Low	Prev.
Mar	1.6394	1.6408	1.6340	1.6434
Jun	1.6130	1.6140	1.6070	1.6188
Sep	1.5870	1.5880	1.5839	1.5918

BASE LENDING RATES

	%		%		%
ABN Bank	15	Co-operative Bank	*15	NatWestminster	15
Adam & Company	15	Coutts & Co.	15	Northern Bank Ltd	15
Allied Trust Bank	15	Cyprus Popular Bk	15	Norwich Gen. Trust	15
Allied Irish Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
● Henry Ansbacher	15	Duncan Lawrie	15	PRIVATbanken Limited	15
Associates Cap Corp	15½	Equatorial Bank plc	15	Provincial Bank PLC	16
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Roxburghe G'rantee	15½
Bank of Baroda	15	Financial & Gen. Bank	15	Royal Bk of Scotland	15
Banco Bilbao Vizcaya	15	First National Bank Plc.	16½	Royal Trust Bank	15
Bank Hapoalim	15	● Robert Fleming & Co.	15	● Smith & Williamson Secs.	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	Standard Chartered	15
Bank of Cyprus	15	Girobank	15	TSB	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bk.	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk. N.East	15	Mount Banking	15		
		Nat Bk. of Kuwait	15		

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.9% Sewnshs 8.5%. Top Tier-£10,000+ instant access 12.8% § Mortgage base rate. § Demand deposit 9%. Mortgage 15.2% - 15.95%

MONEY MARKETS

London rates steady

ATTENTION FOCUSED on sterling in London yesterday, as money market dealers watched for signs of further currency weakening. The pound slipped below DM2.80, but interest rates were little changed. Three-month sterling interbank was unchanged at 15¼-15⅛ per cent and 12-month money was steady at 15⅝-15½ per cent.

Short sterling futures traded nervously, but finished towards the top of a narrow range. June delivery opened slightly weaker at 84.83, and touched a peak of 84.91, before closing at 84.90, compared with 84.84 on Tuesday.

UK clearing bank base lending rate
15 per cent
from October 5

Credit conditions were rather tighter than expected. The Bank of England initially forecast a day-to-day shortage of £750m, against forecasts of around £500m in the market. The shortage was revised to £800m at noon, and back to £750m in the afternoon. Total help of £781m was provided.

Before lunch the authorities made outright purchases of £378m bank bills in band 2 at 14¾ per cent. In the afternoon another £273m bills were bought, by way of £8m Treasury bills in band 1 at 14¾ per cent; £154m bank bills in band 1 at 14¾ per cent; and £111m bank bills in band 2 at 14¾ per cent. Late assistance of around £130m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £644m, with a rise in the note circulation absorbing £95m and bank balances below target £140m. These factors outweighed Exchequer transactions adding £130m to liquidity.

In Frankfurt call money eased to 7.80 from 7.85 per cent, as the Bundesbank added a little liquidity at this week's securities repurchase agreement tender. The central bank accepted bids of DM19bn for a 35-day pact, replacing an expiring facility of DM18.4bn. Banks paid 7.80 to 8.25 per cent at the tender, in line with market expectations.

The Bundesbank is trying to calm a market nervous about the inflationary implications of German monetary union, according to dealers, but little can be done until after East German elections on March 18.

In New York the US Federal Reserve added temporary reserves to the banking system, via overnight system repurchase agreements, when Federal funds were trading at 8⅜ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.7) 3 months US dollars		6 months US Dollars	
bid 8⅛	offer 8¼	bid 8⅜	offer 8½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

(Lunchtime)

		Treasury Bills and Bonds			
Prime rate	10	One month	8.11	Three year	8.54
Broker loan rate	9¾	Two month	7.85	Four year	8.61
Fed. funds	8¼	Three month	8.17	Five year	8.55
Fed. funds at intervention	-	Six month	8.21	Seven year	8.62
		One year	8.28	10-year	8.56
		Two year	8.53	30-year	8.57

Mar.7	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.75-7.85	8.20-8.30	8.25-8.35	8.35-8.50	8.80-8.95	8.00
Paris	10⅛-10¼	10⅛-10⅜	-	10⅜-10½	-	10.00
Zurich	8⅞-8¾	8⅞-9⅛	-	8⅞-9⅛	-	-
Amsterdam	8.50-8.63	8.70-8.80	-	8.80-8.90	-	-
Tokyo	6½-6⅝	7⅜-7⅞	-	7⅜-7⅞	-	-
Milan	12¾-13⅛	13-13⅛	-	13⅛-13⅜	-	-
Brussels	10.75	10⅝-10⅞	-	10⅝-10⅞	-	-
Dublin	10⅞-11	11⅜-11⅞	12⅛-12⅞	12⅛-12⅜	12⅞-12⅞	-

LONDON MONEY RATES

JOTTER PAD

CROSSWORD

No.7,183 Set by MUTT

ACROSS
1 Relieved to be able to do this (7,5)
10 In Germany: and therefore have to submit to ... (7)
11 ....bloomer made by German agreement with southern colliery (7)
12 A little sand in the corn? (5)
13 Offering counsel for a hectic day without shade (8)
15 American back street girl (many in the north-east) in need of nourishment (10)
16 Swapping a flutter with a Greek character (4)
18 Aw, it's nothing, I get around in America (4)
20 Can be repaired if the soldier's board includes other ranks (10)
22 One after another called (8)
24 Swimmer entering the race is our replacement (5)
26 I, Igor, am about to demonstrate the art of folding paper (7)
27 One antler can hold one small weight back, as far as one can see (7)
28 And I – her equal! – made to take part in a pantomime (12)

DOWN
2 Birds in the Military Police? (3-4)
3 A double run to rile the scorer (8)
4 Ring up bear (4)
5 Find Jed with endless audacity acting (10)
6 Very musical, the fool: first class (5)
7 Disgusting row – out of order (7)
8 This is a place where, if you're inspired with any new ideas, you can drop them (10,3)
9 Love me do, for I love you (2,2,9)
14 Letter opener discovers dad has a bit on the side? – fine rumpus (5,5)
17 Fellow-members sometimes called to participate in sombre threnody (8)
19 Rather ineffectual politician one would hope to get out (7)
21 Lightly robed touring New Zealand, got sunburned (7)
23 One of many in flight (5)
25 Thoughts half-fading of you a long time ago (4)

Solution to Puzzle No.7,182

BERLIN SADDENED / ENOUGH DISPORTS / TWENTIES CREASE / EMIT MINSTER / BLESSED FLEA / POPLAR RIVETING / ARTISTRY VACANT / DAYBREAK LETTER

هدية من الأصل

WORLD STOCK MARKETS

AUSTRIA

March 7	Sch	+ or −
Austrian Airlines	4,740	+20
Creditanstalt	6,750	−50
Goesser	7,650	+150
Interunfall	28,300	
Jungbunzlauer	19,350	−140
Laenderbank	1,450	+5
OeMV	12,900	+150
Perlmooser	2,350	+95
Reininghaus	3,190	+50
Semperit	187	−3
Steyr-Daimler	185	+9
Veitscher Mag	7,580	+125
Verbund	570	+41

BELGIUM/LUXEMBOURG

March 7	Frs.	+ or −
Arbed	4,985	+145
B.B.L.	2,910	−30
Bank Intl. a Lux	15,350	—
Banque Gen. Du Lux	14,750	—
Banque Nat Belg	33,600	+100
Bekaert B	24,475	+175
Ciment CBR	7,240	+20
Cobepa	5,220	+110
Do. AFV 1	5,200	—
Cockerill	199	+4
Colruyt	20,275	—
Delhaize	5,290	+100
EBES	4,195	+5
Do. AFV 1	4,110	+10
Fabrique Nat.	360	−2
GIB Group	1,224	+20
Do. AFV	1,160	+18
GBL (BruxL)	3,925	+20
Do. AFV 1	3,905	+15
Do. AFV 2	3,900	+10
Gechem	776	+8
Do. AFV	748	—
Generale Bank	4,900	−15
Do. AFV 1	5,230	+90
Do. AFV 2	6,190	+400
Gevaert	8,600	+100
Intercom	3,260	−5
Do. AFV 1	3,215	+65
Do. AFV 2	3,195	+36
Kredietbank	3,600	—
Do. AFV	3,755	+45
Pan Holdings	13,600	+100
Petrofina	10,925	+175
Raffinerie Tirle	3,325	—
Royale Belge	5,270	−60
Do. AFV 1	5,200	+150
Do. AFV 2	5,200	—
Soc Gen Belge	3,200	+40
Do. AFV	3,150	+50
Sofina	12,200	+325
Solvay	13,050	+600
Tessenderlo	8,760	+260
Do. AFV	8,480	+170
Tractebel	8,380	+10
Do. AFV 1	8,050	+50
Do. AFV 2	8,180	+80
UCB	17,700	+275
Do. AFV	16,875	+825
Unerg	2,480	+40
Do. AFV 1	2,445	+40
Do. AFV 2	2,420	+10
Wagons Lits	8,300	+190
Do. AFV	7,600	+200

DENMARK

March 7	Kr	+ or −
Baltica Hldgs	735	+15
Carlsberg	1,226	−1
Cop Handelsbank	265	+3
Danisco	930	+9
Den Danske Bank	299.5	−0.5
East Asiatic	259.15	−0.85
FLS Inds. B	840	−5
GN Great Nordic	930	−5
I.S.S. B Systems	835	−5
Jyske Bank	440	+16
Nordisk Kabel	550	+15
Novo Nordisk	336	+6
Privatbanken	269	+2
Royal C'hagen A	500	—
Sophus Berendsen	1,180	−15
Superfos	5,600	+20

FINLAND

March 7	Mka	+ or −
Amer	158.5	+3
Cultor	79.5	+4.5
Enso-Gutzeit A	34	
Enso-Gutzeit R	26.75	+1.9
Huhtamaki I Free	103	−0.5
Huhtamaki K Free	172.5	−1.5
KOP	52.25	+0.25
Kone	617.5	
Kymmene	114.5	−1
Nokia	95.5	−1.5
Pohjola "B" Free	110.5	−3.5
Rauma-Repola	43.5	−1.5
Sampo	392.5	
Stockmann "B"	226.5	−1
UBF "C"	30.75	+0.15
Utd. Paper Prf.	168	−2.5
Wartsila (a11)	470	−1.5

FRANCE

March 7	Frs.	+ or −
Accor	670	+1
Afrique Occiden	645	−2
Air Liquide	624	−4
Arjomari-Prioux	2,490	—

FRANCE (continued)

March 7	Frs.	+ or −
Auxiliaire d'Ent	1,073	+38
BIC	635	−9
BSN	725	+1
Bancaire Cie	545	+5
BNP (Cert. Inv.)	400	—
Beghin-Say	761	+1
Do. Certs	541	—
Bongrain	2,860	+30
Bouygues	572	+21
CGIP	1,225	+15
CMB Packaging	177.5	+0.5
Carrefour	3,205	+16
Casino	144	+2.5
Cetelem	527	−3
Chargeurs	1,101	−10
Ciments Fr.	1,444	+34
Club Mediterranee	675	+1
Coflexip	410	—
Cogifi	385	−4
CCF	569	−4
Coparex	330	−27.5
Cred Foncier Fr	1,250	+10
Credit National	1,318	+13
Damart	3,250	−49
Docks de France	4,180	−10
Dollfus-Mieg	395	+10
Dumez S.A.	877	+20
Eaux (Cie Gen)	2,199	−16
Ecco	507	−1
Electrofel'er	414	−6
Elf-Aquitaine	622	+19
Do. Certs	461	+16
Epeda-Bertrand	1,290	−15
Essilor	2,545	—
Eternit (Fin.)	1,840	+5
Eurafrance	2,320	−25
Eurocom	1,805	—
Euro Disneyland	97.75	−0.05
Euromarche	4,080	—
Exor	1,675	+45
Finextel	200	+1.9
Fonciere Lyons	960	+9
Fromageries	2,400	+10
GTM-Entrepose	1,226	+6
Gaumont (Soc N)	1,029	−1
Gen Geophysique	1,130	—
Gen. Occidentale	843	+5
Hachette	349.5	+11.3
Havas	1,439	+13
Imetal	306	+21
Immeubles de Fr	1,505	+40
Immobanque	855	−4
Industrielle	8,590	+210
Interbail	500	−6
Intertechnique	1,600	−25
LVMH	4,605	−25
Lafarge Coppee	352.5	+2
La Henin	545	+2
L'Oreal	4,550	—
Legrand	5,430	+85
Locafrance	514	−16
Lyon. des Eaux	572	−6
Maisons Phenix	77	−0.4
Matra S.A.	352	+7
Merlin-Gerin	4,675	−24
Michelin B	139.4	−0.6
Midi (Cie)	1,218	−8
Moulinex	123.4	+1.2
Navigation Mixt.	1,890	−1
Nord Est	178.6	+0.5
Nouvelle Galer.	717	+25
OFP	2,670	+25
Ocean	364.6	+24.2
Paribas	623	+7
Paris Reescompte	480	+4
Pechelbronn	1,540	+12
Pernod Ricard	1,144 xr	+14
Perrier	1,560	+45
Peugeot S.A.	818	−7
Poliet	520	+4
Pretabail Sicomi	1,165	+15
Printemps Au	618	+15
Promodes	3,860	+19
Radiotech	645	+21
Redoute	3,130	+20
Rhone-Poul (CI)	417.5	+6.5
Roussel-Uclaf	1,870	−35
SILIC	855	—
Sagem	1,407	−13
St. Gobain	561	−11
Saint Louis	1,456	+6
Sanofi	1,089	−4
Schneider	865	−3
Seb SA	1,098	+25
Sefimeg	592	+7
Simco	602	—
Skis Rossignol	1,059	−9
Soc. Gen. de Fr	575	−1
Sommer-Allibert	2,150	—
Spie-Batignolles	734	−1
Suez (Fin de)	441.5	+0.5
Taittinger	4,870	−30
Thomson (CSF)	138.5	+2.5
Total-Petroles Fr.	584	+17
UFB Locabail	285	+0.9
Usinor	677	+1
Union Assur Fr	652	−6
Valeo	695	−5
Vallourec	400	−5

GERMANY

March 7	Dm.	+ or −
AEG	319	+2
AG Ind & Verkehr	800 xr	+5
Aachener Munich	770	−9
Allianz AG	2,545	+40
Altana	424.3	+5.3
Asko Deutsche K	630	+1
Do. Prf.	530	−13
BASF	311.4	+2.6
Badenwerk	251	+2

GERMANY (continued)

March 7	Dm.	+ or −
Bayer	315	+2
Bayer-Hypo	421.5	+1.5
BMW	620	+5.5
Bayer-Vereins	390	+2
Beiersdorf	774	+8
Berliner Kraft	138.8	+0.3
BHF-Bank	490	+20
Bilfinger & Berg	850	+8
Brown Boveri	600	−5
Colonia Versich	1,080	−30
Do. Pref.	775	+25
Commerzbank	291.5	−1.5
Continental AG	282.5	−1.5
DLW	730	+8
Daimler-Benz	886	+12.5
Deckel (Fr.)	191	—
Degussa	527.5	+4.5
Deutsche Babcock	193	−3
Deutsche Bank	761	+6
Didier-Werke	364.5	−1.5
Douglas Hldgs	800	+13.5
Dragerwerk	320	−2
Dresdner Bank	413	+3
Feg Kugelfischer	446	+9
Feldmuehle Nobel	525	—
Gerresheimer	285	—
Goldschmidt (TH)	518.5	+0.5
Hamborner Elekt	279	—
Hapag Lloyd	460	+10
Heidelberger Zem	1,300	−10
Henkel Pref.	596	+9.5
Hertie	510.5	+2.5
Hochtief	1,285	+65
Hoechst	313.8	—
Hoesch	322	+2
Holzmann (P)	1,210	+20
Horten	307	−2
Industriekredit	279	+1
Industrie Werke	423	−1
Kali & Salz	222.5	+3
Karstadt	635	+5
Kaufhof	634.5	+0.5
KHD	289.5	+11
Kloeckner Werke	253	+4
Kraft Werke Rh	325	—
Lahmeyer	1,015	+15
Leifheit	650.5	−2.5
Linde	880	+3
Lufthansa	224	+4.2
Do. N/V Pref.	192	+0.8
MAN	454 xr	+11
Do. Pref.	382.5 xr	+7.5
Mannesmann	358.5	+9.5
Mannheimer Vers	855	+4
Mercedes Hld	751	+17
Metallgesell	637.5	+5
Muench Rueck	2,190	−10
Nixdorf	286.5	+2.5
PWA	325	—
Phillips Kommun.	576.8	+1.3
Porsche	1,038	−2
Preussag	405	+11
Rheinelektra	2,270	+38
Rhein West Elect	449.5	+10.5
Do. Pref.	364	+4
Rheinmetall Berl	341	−1
Do. Pref.	232	−4.5
Rosenthal	347	−1.5
Schering	801	+5.7
Schmalbach-Lub	239	+5
Siemens	759.7	+13.7
Springer Vlg Rg	621	+1
Sud-Chemie	700	—
Thyssen	315	+3.1
Varta	411	−5.5
Veba	452.7	+4.7
V.E.W.	229	−3.8
Verein-West	405	+3
Viag	408.3	+9.8
Volkswagen	551.5	+4.5
Do. Pref.	460	+5
Wella Pref.	716	+1
Zanders Feinpap	350	+3.2

ITALY

March 7	Lire	+ or −
Banca Com'le	4,736	−39
Banca Naz Agric	8,800	−100
Banco Lariano	6,590	+40
Bastogi-IRBS	353	−4
Burgo (Cartiere)	12,949	−50
CIR	4,640	+15
Caffaro	1,327	+2
Cementir	3,339	+15
Ciga Hotel	5,450	+37
Cofide	4,495	+15
Credito Italiano	2,635	−4
Danieli	10,900	+200
Eridania	8,505	—
Fiat	10,190	+50
Do. Priv.	7,060	+29
Fidis	7,350	−50
Fondiaria	56,480	+480
Gemina	2,122	−17
Generali Assicur	38,640	−80
Gilardini Inds.	4,749	+46
IFI Priv.	26,000	+220
Italcable	17,100	−50
Italmobiliare	125,400	−480
Italgas	2,980	+13
Lloyd Adriatico	16,100	—
Magneti Marelli	2,435	+20
Mediobanca	17,950	−100
Mira-Lanza	66,990	−710
Montedison	1,835	−22
Olivetti	6,401	−48
Pirelli Co	5,495	−5
Pirelli Spa	2,675	+20
Rinascente La	7,550	+140
RAS	25,180	−325
SIP	1,575	−25

ITALY (continued)

March 7	Lire	+ or −
Saffa A	10,660	+80
Saipem	3,400	+95
SASIB	6,350	−2
Sirti Spa	12,950	−47
SMI	1,671	+16
Snia BPD	2,365	+25
Toro Assicur	20,800	+90
Toti Franco	29,700	−70
Unicem	25,150	+300

NETHERLANDS

March 7	Fls.	+ or −
ACF Holding	38.90	−0.3
AEGON	105.50	+1
Ahold	112.90	+1.1
AKZO	126.60	+4
ABN	39.70	+1
AMEV	56.40	+0.8
AMRO	77.70	+1.8
Bols Lucas	159.50	+7.5
Boskalis Westm	70.00	+0.8
Buehrmann-Tet	37.50	+2.1
Center Parcs	51.90	−1.2
Centrale Suiker	74.90	+1.8
DAF	33.60	+0.7
DSM	111.90	+0.5
Dordtsche Petroleum	131.80	+1.4
Elsevier	78.40	+1.3
Fokker	37.90	+0.7
Gamma	79.50	+0.5
Gist Brocades	27.00	+0.6
Heineken	107.30	+2.1
Holl. Beton	164.50	+0.5
Hoogovens	74.10	+1.3
Hunter Douglas	95.80	+0.3
IHC Caland	42.40	—
Int Mueller	86.80	+1.1
KLM	38.30	+0.6
Kempen	16.70	−0.1
KNP	37.0	+0.4
NMB Postbank	46.80	+1.1
Nat Ned Cert.	69.80	+0.4
Nedlloyd	98.80	+2.3
Nijverdal-Ten C.	95.00	+0.5
Nutricia Ver B.	78.00	—
Oce Grinten	285.00	—
Ommeren (Van)	39.40	+0.3
Pakhoed	159.30	+0.8
Philips	40.00	+0.4
Robeco	99.50	+0.8
Rodamco	81.40	—
Rolinco	97.80	+0.4
Rorento	57.20	+0.2
Royal Dutch	144.50	+1.9
Unilever	143.00	+3.2
VMF Stork	44.90	+1.2
VNU	98.20	+2.7
Wessanen	62.60	+0.3
Wolters Kluwer	46.40	+0.7

NORWAY

March 7	Kroner	+ or −
Aker	120.00	−1
Bergen Bank	178.00	−2
Borregaard A	433.00	+1
Christiania Bk	124.00	−1
Den Norske Credit	85.00	−0.5
Dyno Ind.	127.50	−2.5
Elkem	268.00	+1
Hafslund Nycm A	171.50	+2.5
Kosmos	130.00	—
Kvaerner	278.00	+5
Nora Industrier	283.50	+8.5
Norsk Data A	46.00	+3
Norsk Hydro	207.50	+2.5
Orkla Borregaard	546.0	−6
Storebrand	116.00	+1

SPAIN †

March 7	Pts. %	+ or −
Banco Bilbao Viz	680	
Banco Central	880	−13
Banco Exterior	633	+1
Banco Hispano	644	
Banco Popular	1,630	+2
Banco Santander	626	+2
Banesto	800	−13
Cros	1,030	
Corp. Mapfre	1,322	−2
Dragados	909	+1
Ebro	3,130	
Electra Viesgo	306	+4
Energia Ind Ara	350	+1
Ercros	289	+1
Esp Carburos Me	632	+7
Esp Amas Tudor	261	−2
Fasa Renault	489	—
Fecsa	58.8	—
Hidrol Cantab	173	+1
Hidrola	102.4	+0.4
Iberduero	126.2	+0.2
Koipe	432.5	+0.5
Metal Duro-Felg	304	—
Petroleos (Cia Esp)	372	—
Portland Vald.	4,200	—
Repsol	498	+5
SNIACE	161	+4
Sarrio	282	−6
Saria	486	
Sevillana Elec.	121.6	−0.4
Tabacalera	578	
Telefonica	173.6	+5
Torras (Grupo)	1,480	−20
Union Elec-Fen.	91.6	+0.2
Union y el Fenix	1,578	+18
Uralita	635	+2
[illegible]	361	—

SWEDEN

March 7	Kronor	+ or −
AGA B (Free)	342	—
Alfa-Laval B (Free)	210	−1
Asea A Free	700	+5
Asea B (Free)	735	−3
Astra B (Free)	392	+3
Atlas Copco A (Free)	312	−19
Electrolux B (Free)	252	+1
Ericsson B (Free)	817	−2
Esselte B (Free)	200	—
Gambro B Free	131	
Mo Och Dom B Free	275	+3
Pharmacia B (Free)	189	+1
Saab-Scania B Free	237	−2
Sandvik B (Free)	274	−6
Skandia (Free)	179	—
Skan Enskilda	80	—
SKF B Free	142	−1
St Kopparb'g A Free	272	−6
Svka Cell'sa B (Free)	113	+3
Svka Handelsbn	106	+1
Trelleborg B Fr	157	−3
Volvo B (Free)	373	−15

SWITZERLAND

March 7	Frs.	+ or −
Adia Intl	1,535	+10.0
Do. Ptg. Certs.	254	+4.0
Alusuisse Lonza	1,280	+35
Do. Ptg. Certs.	112	+4
Baloise Hld Ptg	1,870	+30
Bank Leu	3,350	—
Do. Ptg.	286	−3
Brown Boveri	5,650	+50
Do. Ptg.	1,050	+18
CS Hldgs.	2,400	+20
Ciba Geigy	3,120	+30
Do. (PtCts)	2,820	+20
Elektrowatt	2,810	—
Elvia	1,950	+10
Fischer (Geo.)	1,970	+40
Do. Ptg.	322	+3
Forbo	2,350	—
Holderbank (Br)	5,375	+25
Holzstoff (Br)	5,480	—
Jacobs Suchard	6,225	+50
Do. Ptg.	570	—
Jelmoli	2,150	+30
Do. Ptg. Certs	355	+15
Landis and Gyr	1,420	−10
Do Priority Ptg	117	−1
Mag. Globus Ptg	850	−5
Mikron (Br)	2,920	+50
Motor-Columbus	1,630	+10
Nestle	8,750	+75
Do. (Reg)	8,725	+125
Oer-Buhrle	915	—
Pargesa Hldg	1,620	+30
Pirelli	440	−4
Roche Hldgs (Br)	7,250	+125
Do (Genuss)	3,740	+50
Sandoz (Br)	10,650	+250
Do. (PtCts)	2,050	+80
Schindler (Br)	5,500	+200
Do. (PtCts)	930	+5
Sika	810	—
Surveillance	4,050	+100
Swissair	1,140	+30
Swiss Bank	325	+2
Do. Ptg.	287	−1
Swiss Reinsce	3,200	+80
Do. Ptg.	358	+7
Swiss Volksbk	1,585	+15
Union Bank	3,750	+20
Do. Ptg.	149	+0
Winterthur	3,740	+80
Do. Ptg.	662	+7
Zurich Ins	4,530	+30
Do. Ptg.	2,010	+35

SOUTH AFRICA ◆

March 7	Rand	+ or −
Abercom	1.3	—
AECI	16.8	—
Allied Tech	71	—
Anglo Am Coal	75	—
Anglo Am Corp	134	—
Anglo Am Gold	370	—
Barlow Rand	42.75	—
Buffels	61	—
CNA Gallo	12	—
De Beers	86	—
Deelkraal Gold	18.25	—
Driefontein	47.5	—
East Rand Gold	17.5	—
Elandsrand Gold	37.75	—
First Nat. Bank	23.25	—
Free State Cons Gold	47.25	—
Gold Fields SA	47	—
Hartebeest	28.25	—
Highveld Steel	16.4	—
Kinross Gold	70	—
Kloof Gold	40.7	—
Libanon Gold	7.1	—
Malbak Hldgs	22	—
Nedcor	11.4	—
OK Bazaars	19.25	—
Palabora Mining	58	—
Rembrandt	14	—
Rust Plat.	73	—
Safmarine & Ren.	44.25	—
Sage Holdings	8.75	—
Smith (CG) Fds	34.5	—
SA Brews	34.75	—
SA Mang. Amcor	21	—
Tiger Oats	27	—
Tongaat Hulett	17.9	—
Vaal Reefs	399	—
Western Deep	170	—

JAPAN

March 7	Yen	+ or −
Ajinomoto	2,280	−110
Akebono Brake	1,070	−10
All Nippon Air	1,830	−20
Alps Electric	2,080	—
Amada	1,710	−60
Amano	2,250	+10
Ando Construct	1,770	—
Anritsu	2,590	−10
Aoki Corp.	1,410	+30
Arabian Oil	13,200	−400
Asahi Breweries	1,790	−20
Asahi Chemicals	999	−21
Asahi Glass	1,840	−20
Asahi Optical	971	−7
Asics Corp.	855	−17
Atsugi Nylon	1,470	−20
Bank Tokyo	1,620	−30
Banyu Pharm	1,450	−10
Bridgestone	1,530	+10
Brother Inds	963	−17
CSK Corp.	6,020	−180
Calpis Food	2,590	−30
Calsonic Corp.	1,180	−10
Canon	1,590	−30
Canon Sales	4,260	−30
Casio Computer	1,520	−30
Central Finance	1,020	−10
Central Glass	920	—
Chiba Bank	1,350	+20
Chiyoda Chem	1,890	−30
Chiyoda Fire	1,130	−10
Chubu Elect. Pwr	3,830	−20
Chugai Pharm	1,770	−20
Chugoku El Power	3,380	+30
Citizen Watch	926	−24
Daicel Chemical	976	−20
Daiichi Seiyaku	2,690	−30
Daido Steel	1,030	−30
Daiei	2,480	−40
Daifuku	1,930	−60
Dai Ichi Kan Bank	2,680	—
Daikin Inds	1,770	−30
Daikyo Kanko	5,960	−40
Daimaru	1,410	−10
Dai Nippon Ink	793	−11
Dai Nippon Phar	2,570	−30
Dai Nippon Ptg	2,080	−30
Dai Nippon Toryo	1,000	—
Daishowa Paper	3,300	+20
Dai Tokyo F&M	1,220	−20
Daiwa Bank	1,500	−10
Daiwa House	2,250	−30
Daiwa Sec	1,890	−10
Denny's	4,170	+50
Diesel Kiki	1,050	—
Dowa Fire & Mar	1,200	+20
Dowa Mining	1,190	−10
Ebara	1,760	−40
Eisai	1,920	−40
Ezaki Glico	1,430	−20
Fanuc	8,120	+120
Fudo Construct	1,320	+10
Fuji Bank	3,190	−10
Fuji Electric	1,010	—
Fuji Film	4,060	−40
Fuji Fire & Mar	1,280	+10
Fuji Heavy Ind	753	−30
Fujikura	1,070	−20
Fujisawa	2,000	−20
Fuji Spinning	780	−20
Fujita Tourist	3,680	−60
Fujitsu Ltd	1,460	—
Furukawa Elect	900	−25
Gakken	3,020	−30
Gen Sekiyu	1,650	−40
Godo Steel	1,860	−100
Green Cross	1,950	+20
Gun-Ei Chem	1,580	+30
Gunze	1,180	−30
Hankyu Corp.	1,140	−20
Hanshin El Rail	990	−20
Hasegawa Komu	1,470	—
Hattori Seiko	6,000	−80
Hazama-Gumi	1,410	−20
Heiwa Real Est	2,010	+30
Hino Motors	1,100	—
Hirose Electric	6,280	+60
Hiroshima (Bank)	1,400	—
Hitachi	1,520	−10
Hitachi Cable	1,180	−20
Hitachi Credit	1,600	—
Hitachi Koki	2,020	—
Hitachi Maxell	3,330	−80
Hitachi Metals	1,460	−20
Hitachi Sales	1,180	−40
Hitachi Zosen	808	−4
Hokkaido Elect.	3,340	−30
Hokkaido Takush	1,440	−10
Hokuriku El Pwr	3,440	−30
Honda	1,670	+20
Honshu Paper	1,800	+60
House Food Ind	2,380	+10
Hoya	3,240	−10
IHI	1,230	−10
Ibara Chemical	1,250	−10
Ikegami Tsush	1,760	−70
Inax	1,770	—
Indl Bank Japan	4,980	—
Iseki & Co.	1,070	−20
Isetan	4,850	—
Ishihara Sangyo	810	−17
Isuzu Motors	806	−16
Itoh (C)	945	−10
Itoham Foods	1,260	—
Itoman & Co.	1,480	−40
Ito Yokado	5,900	+40
Iwatsu Electric	1,170	+10
Izumiya	3,120	−50
JGC Corp.	2,680	−10
JEOL	1,490	−10
Janome Sew Mach	3,930	—
JAL	16,200	+400
Japan Metals	1,150	−50
Japan Radio	2,700	+30
Japan Steel Wks	991	−9
Jap S Battery	1,140	—
Japan Synth Rbr	1,230	−10
Japan Wool	2,530	−60
Juju Paper	979	−11
Jusco	2,360	−40
Kagome	1,850	−50
Kajima	1,990	−80
Kaken Pharm	2,690	−40
Kandenko	3,830	−80
Kanebo	780	−20
Kanegafuchi Chm	978	−12
Kanematsu-Gosho	1,060	−60
Kansai Elect Power	4,010	—
Kansai Paint	1,440	−30
Kao Corp	1,410	−20
Kashiyama	1,950	−70
Kawasaki Heavy	846	−13
Kawasaki Kisen	900	−13
Kawasaki Steel	692	−7
Keihin Elec Exp	1,400	−30
Keio Teito Elec	1,400	+10
Kikkoman	1,420	−80
Kinki Elec Cons	3,710	+10
Kinki Nippon Rl	1,300	+10
Kirin Brewery	1,740	−30
Kobe Steel	726	−10
Koito Mfg	3,150	−150
Kokusai Electric	4,850	−30
Kokuyo	4,410	+80
Komatsu	1,070	−10
Konica	1,500	—
Korakuen	3,920	−80
Koyo Seiko	1,370	−10
Kubota	1,050	—
Kumagai-Gumi	1,390	+10
Kumiai Chemical	1,340	—
Kurabo Inds.	801	−8
Kuraray	1,440	−40
Kureha Chemical	1,080	−20
Kurita Water	1,550	−40
Kurosaki Refrac	1,300	−30
Kyocera	7,540	+220
Kyodo Shiryo	947	+20
Kyotaru	2,110	—
Kyowa Bank	1,490	—
Kyowa Hakko	1,400	−40
Kyushu Electric	3,320	−40
Lion	1,060	−30
Long Term Cred.	19,700	−300
Maeda Corp	2,100	+20
Makino Milling	1,740	−10
Makita Elect Wk	2,950	−20
Marubeni	867	−4
Marudai Food	1,530	−10
Marui	2,936	−10
Maruichi Steel	2,360	−40
MEI	2,070	−30
Matsu Elect. Wks.	1,950	−80
Matsushita Koto	2,210	−40
Matsushita Refrig	1,680	−50
Mazda Motors	885	−5
Meiji Milk	1,010	—
Meiji Seika	1,020	−10
Mikuni Coca Cola	2,980	+100
Minebea	1,090	+10
Minolta Camera	990	−5
Misawa Homes	3,080	−20
M'bishi Bank	2,700	+10
M'bishi Belting	1,500	−30
M'bishi Corp	1,490	−20
M'bishi Elec	1,020	+10
M'bishi Estate	1,990	−40
M'bishi Gas Chem	826	−15
MHI	990	−2
M'bishi Kasei	858	−6
M'bishi Metal	990	−4
M'bishi Mtr Cast.	859	+6
M'bishi Oil	1,340	−10
M'bishi Paper	980	−20
M'bishi Petchem	1,350	−10
M'bishi Plastics	963	−26
M'bishi Rayon	772	−5
M'bishi Steel	2,030	−100
M'bishi Tst	2,250	—
M'bishi Warehse.	1,730	−20
Mitsui Bank	2,440	−40
Mitsui Co.	1,010	−10
Mitsui Eng Ship	810	−15
Mitsui Mng & Sm	839	−16
Mitsui Osk Line	990	−5
Mitsui Petchem	1,350	−10
Mitsui Real Estate	2,250	−10
Mitsui Toatsu	833	−12
Mitsui Tst & Bkg	1,590	−30
Mitsui Warehse	1,590	−50
Mitsukoshi	2,170	+60
Mitsumi Elect	1,390	−10
Miyaji Iron Wks	1,180	+40
Mizuno Sporting	1,820	−30
Mochida Pharm	4,360	−30
Morinaga Milk	930	−2
Mori Seiki	4,180	−20
Murata Mfg	2,600	+70
NEC	1,920	+50
NGK Insulators	1,990	−60
NGK Spark Plug	1,990	−10
NHK Spring	905	−45
NKK Corp.	640	−17
NOK Corp.	1,520	+30
NTN Toyo Brg	1,130	−20
Nachi Fujikoshi	1,060	+10
Nagasakiya	4,300	−130
Nagase	1,410	−10
Nagoya Railroad	1,190	−20
National House	2,100	−20
Nichii	2,290	−40
Nichirei	1,260	—
Nihon Cement	1,000	—
Nihon Nosan	1,030	−10
Nihon Parkeriz.	1,310	+10
Niigata Eng	846	−24
Nikko Sec	1,500	−20
Nikon Corp.	1,490	−20
Nippon Cred Bank	15,600	−300
Nippon Denko	1,090	+20
Nippon Denso	2,230	−30
Nippon Elect Gl	2,990	—
Nippon Express	1,300	−10
Nippon Fire	1,320	+10
Nippon Flour	950	−15
Nippon Hodo	3,200	−20
Nippon Kayaku	1,200	−30
Nippon Lt Metal	916	−12
Nippon Meat Pack	1,860	—
Nippon Mining	900	−14
Nippon Oil	1,400	—
Nippon Paint	1,270	+10
Nippon Road	2,120	—
Nippon Sanso	982	−16
Nippon Seiko	1,260	+40
Nippon Sharyo	1,710	−10
Nippon Sh Glass	1,030	−20
Nippon Shinpan	1,400	−18
Nippon Shinyaku	2,930	−30
Nippon Soda	1,160	−10
Nippon Stainless	1,080	+20
Nippon Steel	651	−10
Nippon Suisan	860	−18
Nippon TV	32,600	+100
Nippon Yakin	979	−11
Nippon Yusen	999	−11
Nippon Zeon	1,010	−10
Nishimatsu Cons	1,500	−20
Nissan Diesel	1,000	−20
Nissan Motor	1,200	−18
Nissei Sangyo	2,470	−40
Nisshin Flour	1,530	−70
Nisshin Oil	1,520	−10
Nisshinbo Inds.	1,370	−20
Nissin Ind	859	−21
Nissin Electric	1,590	−20
Nissin Food	3,750	−100
Nitsuko	1,660	+16
Nitto Boseki	880	—
Nitto Elect Ind	1,830	+50
Nomura	2,800	−30
Noritake	1,640	+20
Odakyu Elec Rly	1,450	−10
Ohbayashi-Gumi	1,640	−20
Oji Paper	1,340	−10
Oki Electric	1,080	—
Okuma Mach	1,560	−40
Okumura-Gumi	1,820	−50
Olympus	1,590	−50
Omron Corp.	3,120	−10
Onoda Cement	916	−9
Ono Pharm	4,970	−60
Orient Corp	1,410	−60
Orix Corp.	5,650	+160
Osaka Gas	706	−5
Penta Ocean Con	1,360	−20
Pioneer	6,720	+10
Prima Meat Pack	975	−7
Renown	1,130	—
Ricoh	1,170	—
Royal Co	2,990	−60
Ryobi	962	−9
Saitama Bank	1,500	−30
Sanden	1,330	−20
Sankyo	2,280	−30
Sanraku	1,250	−40
Sanrio	7,250	−60
Sanwa Bank	2,500	—
Sanwa Shutter	2,560	+10
Sanyo Elect	861	−18
Sanyo Kokusaku	820	−35
Sapporo	1,660	—
Secom	6,270	−60
Seibu Railway	5,950	−50
Seino Transport	2,330	−108
Seiyu	2,400	+20
Sekisui Chem	1,590	−10
Sekisui House	1,970	−80
Settsu	1,220	—
Seven-Eleven	7,700	−120
Sharp	1,810	+30
Shikoku El Pwr	3,360	−10
Shimizu Corp.	2,050	−20
Shin-Etsu Chem	1,530	−30
Shionogi	1,640	−10
Shiseido	2,120	−100
Shochiku	4,030	−180
Shokusan Jutaku	1,360	−10
Showa Aluminium	1,130	−40
Showa Denko	850	−30
Showa Elec Wire	1,030	−40
Showa Sangyo	895	−3
Showa Shell Sek	1,420	—
Skylark	2,900	−50
Snow Brand Milk	1,200	−40
Sony	8,070	−30
Stanley Electric	1,140	−10
Sumitomo B'lite	895	—
Sumitomo Bank	2,910	−20
Sumitomo Cement	815	−10
Sumitomo Chem	770	−11
Sumitomo Corp	1,290	−20
Sumitomo Elect	1,540	−10
Sumitomo Heavy	926	−5
Sumitomo Light M	787	−3
Sumitomo Marine	1,210	+10
Sumitomo Met In	723	−4
Sumitomo Met Mng	1,710	−10
Sumitomo Realty	1,810	—
Sumitomo Tr & Bk	2,110	−30
Sumitomo W'hse.	1,220	−10
Suzuki Motor	851	−22
TDK	6,250	−80
Taisei Corp	1,460	—
Taisho Marine	1,200	—
Taisho Pharm	2,370	−20
Taiyo Fishery	841	+1
Taiyo Kobe Bank	2,050	−20
Takaoka Elect.	1,320	−20
Takara Shuzo	960	−30
Takashimaya	3,090	−10
Takeda	1,970	−30
Tanabe Seiyaku	1,640	−10
Teijin	843	−7
Teikoku Oil	1,540	−10
Tekken Constr.	1,820	−20
Toa Harbour Wks	1,220	−10
Tobishima	1,510	−10
Tobu Railway	1,350	−20
Toei Co.	1,640	−30
Toho	38,300	—
Tohoku Electric	3,400	−20
Tokai Bank	1,820	−10
Tokai Carbon	1,000	−30
Tokico	1,170	−30
Tokio Marine	1,790	−10
Tokuyama Soda	921	−16
Tokyo B'casting	2,850	—
Tokyo Electric Pwr	5,000	+10
Tokyo Electron	4,840	+80
Tokyo Gas	925	−15
Tokyo Rope	1,450	—
Tokyo Steel	5,800	−20
Tokyo Style	2,440	+40
Tokyo Car	3,500	+120
Tokyu Corp	2,000	−60
Tokyu Land	1,280	+10
Tonen Corp	1,700	−40
Toppan Print.	2,050	—
Toray	880	−14
Toshiba Elect	1,120	+10
Toshiba Eng Con	1,490	−60
Toshiba Machinery	1,250	−30
Tostem	1,510	−20
Tosoh Corp	795	−7
Toto	2,530	—
Toyo Construct	1,360	−10
Toyoda Aut Loom	3,150	+70
Toyo Ink	905	—
Toyo Jozo	1,530	−30
Toyo Kanetsu	1,380	−30
Toyo Seikan	3,210	−70
Toyota Motor	2,250	−30
Toyo Tire	1,760	−30
Tsubakimoto Chn	1,160	−20
Tsugami	1,200	—
UBE Inds	731	−24
Unitika	750	−6
Victor	2,900	−20
Wacoal	1,570	−10
Yamaha Corp	1,970	−40
Yamaha Motor	1,240	−30
Yamaichi Sec	1,560	−10
Yamanouchi	2,960	−100
Yamatake H'ywell	2,730	−10
Yamato Kogyo	2,290	+20
Yamato Trans	1,540	+10
Yamazaki Baking	1,860	−20
Yasuda Fire	1,300	−20
Yasukawa Elect.	1,110	—
Yokogawa Elect.	1,610	−40
Yokohama Bank	1,400	−30
Yokohama Rubber	1,170	−20
Yomiuri Land	3,390	−110
Yoshitomi Pharm	1,750	−70
Yuasa Battery	1,350	−30

AUSTRALIA

March 7	Aust$	+ or −
AWA	0.84	−0.02
Aberfoyle	4.60	—
Adelaide Steams	5.12	+0.02
Amcor	4.15	+0.01
Ariadne Aust	0.14	—
Arnotts	4.85	
Ashton	1.62	+0.09
ANZ Group	4.54	+0.02
Aust. Gas Light	1.90	+0.15
Aust Nat.Inds	1.62	+0.01
BHP	9.72	+0.02
BHP Gold	0.59	−0.01
BTR Nylex	3.74	−0.02
Bell Group	0.17	+0.01
Bell Resources	0.36 ‡	—
Bond Corp Hldgs	0.13 ‡	
Boral	3.52	−0.06
B'ville Copper	1.30	+0.01
Brambles Inds	13.25	+0.15
Bridge Oil	0.92	+0.01
Bundaberg Sugar	4.35	—
Burns Philp	3.10	−0.03
CRA	12.15	+0.25
CSR	5.18	−0.04
Caltex Aust.	2.39	+0.04
Central Norseman	0.66	—
Claremont Petro	0.05	—
Coal Allied Ind	8.60	—
Coca Cola Amatil	11.60	−0.1
Coles Myer	7.74	+0.1
Comalco "A"	4.06	+0.03
C'wealth Ind Gas	3.00	—
Elders IXL	2.17	−0.02
Energy Res	2.10	—
FAI Insurance	2.10	−0.07
Gen Prop Trust	1.43	—
Giant Res.	0.27 ‡	—
Goodman Fielder	1.80	—
Hardie (J)	2.47	+0.04
ICI Aust.	5.66	−0.02
Industrial Equity	2.25	—
Jennings Group	1.96	—
Jones (David)	10.40	−0.05
Kidston Gold	3.02	−0.04
Lend Lease	12.75	—

AUSTRALIA (continued)

March 7	Aust$	+ or −
MIM	2.14	+0.05
McPherson	0.96	−0.02
Mayne Nickless	6.00	+0.04
Nat Aust. Bank	6.36	−0.02
Nat Consolidated	2.86	+0.01
Newmont Aust.	1.00	+0.03
News	10.50	+0.35
N Bkn Hill Peko	2.36	−0.01
Northern Star	0.30	—
Oakbridge	0.81	
OPSM	1.85	+0.05
Pacific Dunlop	5.06	−0.08
Pancont'l	2.15	+0.03
Petersville SL	2.77	+0.01
Pioneer Intl.	2.49	—
Pioneer Mining	0.80	
Placer Pacific	3.25	+0.02
Poseidon	2.70	−0.05
Renison Goldfds	9.20	
Rothmans Aust.	9.10 xe	+0.1
SA Brewing	2.30	−0.02
Santos	4.65	+0.09
Smith (H)	5.20	—
Sons of Gwalia	5.90	−0.1
TNT	2.55	+0.02
Tooth	11.10	+0.1
Tubemakers Aust	2.15	—
Vamgas	2.75	
Western Mining	5.38	+0.06
Westfield Hldg	2.05	—
Westpac	5.30	
Woodside Petrol	3.00	+0.01
Wormald Intl	2.70	+0.08

HONG KONG

March 7	H.K.$	+ or −
Amoy Props.	2.45	+0.03
Bank East Asia	14.80	
Cathay Pacific	8.15	−0.15
Cheung Kong	10.70	+0.1
China Light	13.50	+0.1
China Motor	23.00	+0.1
Cross H'bour Tnl	15.40	+0.1
Dao Heng Hldgs	1.43	—
Evergo	2.57	
Hang Lung	4.97	+0.07
Hang Seng Bank	24.40	+0.1
Harbour Centre	7.50	—
Henderson Inv.	1.92	+0.02
Henderson Land	6.65	—
HK Aircraft	21.80	+0.1
HK China	23.70	−0.1
HK Electric	8.70	+0.05
HK Land	7.30	−0.05
HK Realty & Tr A	4.55	—
HK Shanghai Bank	7.40	−0.05
HK Shanghai Hotels	4.70	−0.05
HK Telecomm.	5.50	—
Hopewell Hldgs	2.62	−0.03
Hutchison Whpa.	9.35	
Hysan Dev	1.13	+0.01
Indust Equity P	9.10	+0.05
Jardine Math	25.50	−0.2
Jardine Strgic	15.40	—
Kowloon Motor	6.95	
Mandarin Orient	5.70	+0.05
New World Dev	10.70	−0.2
Realty Dev A	5.95	—
SHK Props.	13.50	−0.1
Shaw Bros.	3.85	−0.12
Shell Elec. Mfg	1.35	+0.03
Sime Darby	2.82	−0.03
Sun Hung Kai Co	2.05	—
Swire Pac A	15.70	
Do. B	2.70	+0.03
Tele B'cast	7.30	−0.05
Wharf Hldgs	7.30	—
Wing On Co	7.00	
Winsor Ind	7.70	−0.05
World Intl Hldgs	3.57	−0.03
Zung Fu	3.62	—

MALAYSIA

March 7	MYR	+ or −
Boustead Hldgs	2.52	+0.02
Genting	12.50	−0.1
Hong Leong Cred	7.10	+0.1
Malayan Banking	13.20	+0.1
Malayan Utd Ind	4.36	−0.12
Multi Purpose	1.53	+0.03
Public Bank	2.28	+0.02
Sime Darby	4.44	−0.04

SINGAPORE

March 7	S$	+ or −
Cerebos Pacific	5.90	—
Cold Storage	4.60	−0.04
DBS	13.20	−0.3
Fraser & Neave	9.65	—
Haw Par Bros	2.04	
Inchcape Bhd	5.70	+0.15
Keppel Corp.	7.20	−0.05
OCBC	13.20	+0.2
OUB	4.60	+0.02
S'pore Air Free	21.40	−0.1
Singapore Press	7.90	+0.05
Straits Trading	3.64	
Tat Lee Bank	3.70	+0.02
UOB	5.65	+0.05

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.
◆ South African prices unavailable Mar. 6. † Some Spanish prices unavailable at source.

CANADA

TORONTO

2pm prices March 7

Quotations in cents unless marked $

Sales	Stock	High	Low	Close	Chng
20000	AMCA Int	385	385	385	
14610	Abitibi Pr	$15½	15½	15½	
27100	Agnico E	$11¼	11⅛	11⅛	−⅛
79850	Alberta En	$17½	17⅜	17½	+⅛
27350	Alberta N	$19	19	19	+¼
136217	Alcan	$25	24⅝	24⅞	−⅜
227346	A Barrick	$21⅝	21	21⅝	−⅜
1400	Atco I f	$9¾	9⅝	9⅝	
87960	BCE Inv	$44⅝	44⅛	44½	+⅛
41063	BCE D	42	42	42	
24000	BCE Mobil	$35⅞	34⅞	35⅛	+¼
1056	BC Sugar A	$16	16	16	
850	BGR A	$11⅛	11	11⅛	+⅛
8425	BP Canada	$20⅝	20½	20½	
150833	Bk Montl	$29⅞	28⅞	28⅞	+½
354864	Bk NScot	$14⅛	13⅞	14⅛	+⅛
10000	Baton	$11½	11⅜	11½	+⅛
32901	Balmoral	60	60	60	
100	Bombdr A	$15	15	15	+⅛
7250	Bombdr B	$15	14⅞	15	
10557	Bow Valy	$14⅛	14⅛	14⅛	+⅛
1100	Bramalea	$17⅝	17⅝	17⅝	
30825	Brascan A	$24⅝	24⅛	24⅜	
36450	Brinkmr	205	196	200	
17746	BC Phone	$18¾	18	18¾	
2703	Brencor	$17½	17	17	
300	Brunswk	$10⅛	10⅛	10⅛	+⅛
101020	CAE	$7⅝	7½	7⅝	
100	CFCF	$14	14	14	+⅛
379600	Cambior	$16⅝	16⅛	16⅛	−⅛
17260	Cambridg	$28⅝	28⅛	28⅛	+⅜
2500	Camp Res	95	95	95	
108	Camp Soup	$21¼	21⅛	21⅛	−⅜
48077	Campeau f	246	227	234	−7
8100	C Nor West	345	345	345	
5200	C Packrs	$14	13⅞	13⅞	
385	C6 Pete f	230	220	220	−10
50730	C Exprss f	62	61	61	−1
144017	C Ib Com	$28⅝	28⅛	28⅛	+⅜
700	C Marconi	$11⅞	11⅞	11⅞	−⅛
28800	C Occdntl	$30	29	29	
48800	CP Forest	$34⅛	34	34	−1
128808	CP Ltd	$24⅞	24⅛	24⅞	−⅛
457	C Roxy	$6⅝	6⅝	6⅝	−⅛
61410	CTire A f	$22⅞	22¼	22⅞	+⅛
2800	CUtil A f	$19⅛	19½	19⅛	+⅛
4600	Canamax e	210	210	210	+8
8300	Cardiff	$28⅞	28	28⅞	+⅜
45000	Cascade	$23	23	23	−⅛
1254	Cen Capital	$10⅛	10⅛	10⅛	−⅛
10705	CenCap A	$9⅝	9½	9½	
1700	CentFd A	$9½	9½	9½	
8000	Charan	27	27	27	−3
20	CHUM B f	$32	32	32	
30325	Cineplex	$7⅛	7⅛	7⅛	+⅛
22341	Cominco	$28⅝	28⅛	28⅛	+½
5800	Con TVX	$7⅛	7½	7½	
29807	Cons Gas	$31⅛	31	31	+1⅛
500	Conwst B	$13⅛	13⅛	13⅛	
300	Corby A	$29⅜	28⅝	28⅝	−⅜
214417	Corona A f	$10	9⅝	9⅝	−⅛
400	Crownx	$13	13	13	−½
14200	Crownx A f	$8⅞	8½	8⅞	+⅛
8005	Denison B f	215	210	215	
8837	Derlan	$9⅛	8⅞	9⅛	+⅛
28373	Dickensn A f	$8	7⅞	8	
17884	Dofasco	$23⅞	23⅛	23⅞	+⅛
879	D Textile	$13⅛	13⅛	13⅛	
41377	Domtar	$13½	13⅛	13⅛	−⅛
800	Du Pont A	$23⅞	23⅛	23⅞	+⅛
29000	Dylex A	$6⅞	6⅞	6⅞	
100	E-L Fin	$70	70	70	+⅜
140800	Echo Bay	$19½	18⅞	19	−⅜
23800	Enfield	400	385	385	+5
4100	EquityStr A	370	360	370	+5
6700	FCA Intl	$10⅞	10⅛	10⅛	−⅜
2000	FPI Ltd	$5⅝	5⅝	5⅝	+⅛
107150	Fed Ind A	$13⅞	13½	13⅞	+⅛
9800	Fed Pion	$13⅛	13½	13½	+⅛
10600	Fleming L	$14⅛	14⅛	14⅛	−⅛
800	FCity Fin	$9⅛	9⅛	9⅛	
1300	FMaraiBA f	$9	7⅞	7⅞	
250	Ford Cnda	$107	107	107	−1
14800	FourSeasn f	$15	14⅞	15	+⅛
31450	Franco e	$21⅛	21	21⅛	+⅛
20221	GW Util	$34⅝	34½	34½	+⅛
13300	Galactic	480	470	470	−20
100	Gendis A	$21⅛	21⅛	21⅛	−⅛
7800	Glamis	255	250	250	−5
2201	Goldcorp f	$8⅝	8⅝	8⅝	−⅛
50250	Gld Knight	$12⅝	12⅝	12⅝	−⅛
1300	Grafton A f	460	460	460	
1500	Granges	180	180	180	
500	GW Lifeco	$15⅛	15⅛	15⅛	
8001	Greyhnd	$32⅛	32⅛	32⅛	+⅛
13401	Gulf Res	$16½	16⅛	16⅜	−⅜
200	Haley	495	495	495	−5
1617	Hayes D	$12	12	12	
31050	Hees Intl	$27	26⅞	26⅞	−⅛
87850	Hemlo	$16⅛	16⅛	16⅛	−⅛
13100	Hollinger	$12¼	12⅛	12¼	
11680	Horsham f	$11⅛	10⅞	10⅞	−⅛
81	H BayMn e	$7⅞	7⅞	7⅞	
973	H Bay Co	$29⅜	29⅜	29⅜	
8800	Imasco L	$35⅝	35	35⅛	
32410	Imp Oil A	$62⅞	62⅛	62⅞	−⅛
54613	Inco	$30⅛	30⅛	30⅛	−⅛
400	Innopac	$7⅜	7⅜	7⅜	
8435	Inter City	$23⅛	23⅛	23⅛	
7717	Interhome	$47	46⅛	47	+⅛
1400	Inv Grp	$23⅛	23⅛	23⅛	+⅛
16800	Ivaco A f	$11½	11⅛	11½	+⅛
45600	Jannock	$17½	17⅛	17⅛	
1200	Kerr Add	$18½	18½	18½	
17852	Labatt	$22½	22⅛	22⅛	
317022	Lac Mnrls	$13⅛	13½	13⅛	−⅛
78	Lafarge p	$22⅝	22⅝	22⅝	
1387	Laidlaw A	$25	24⅞	24⅞	−⅛
87458	Laidlw B f	$25	24⅞	24⅞	−⅛
300	Laur Bk	$15⅛	15⅛	15⅛	
28500	LawsnM A	$9⅛	9	9	−⅛
700	Loblaw Co	$15⅛	15½	15½	−⅛
800	Loewen	$21⅜	21⅜	21⅜	+⅛
1400	MDS A	$27⅛	27	27	−⅛
63	MDS B	$26	26	26	
12820	Mac Kenzie	$9⅛	8½	8½	−⅛
87974	Macmillan	$18⅛	18⅛	18⅛	
73124	Magna A f	485	470	475	−10
2472	Maritime f	$17⅛	17	17	
2847	Mark Res	$11½	11½	11½	
6100	Memotec	$9⅛	9	9	
1384	Metall M	$12⅛	12⅛	12⅛	
1600	Midlnd Dly	415	410	410	−10
4300	Minnova	$17⅛	17	17⅛	
14800	Mitel Corp	235	230	230	−2
32800	Molson A f	$36⅞	36⅛	36⅛	+⅛
500	Molson B	$37½	37½	37½	+½
60813	Moore	$33⅞	33⅝	33⅝	
2000	Muscocho	78	78	78	
74751	Nat Bk Can	$10⅛	9⅞	10⅛	+⅛
20600	N Business	43	40	40	−3
651	NewTel Ent	$19⅛	19⅛	19⅛	−⅛
34600	Noma A	$8⅞	8⅝	8⅝	
425	Noranda F	$13⅛	13⅛	13⅛	−⅛
53692	Noranda	$22	21⅛	21⅛	−⅛
14932	Norcen	$28	27⅞	28	−⅛
12032	Norcn A f	$27⅛	27⅛	27⅛	−⅛
18500	NC Oils	$19	18⅞	18⅞	−⅛
203487	Nor Tel	$30	29⅝	30	+⅛
2000	Northgat	$7⅛	7⅛	7⅛	−⅛
83187	Nova f	$7⅛	7	7	−⅛
8000	Noverco	$13⅛	13	13⅛	+⅛
800	Numac	$9⅛	9⅛	9⅛	
74100	Ocelot B f	$9⅞	9⅝	9⅞	+⅛
1200	Omega Hyd	365	360	360	
91400	Onex f	$12½	12⅛	12⅛	
15400	Oshawa A f	$31⅛	31⅛	31⅛	+⅛
48808	PWA Corp	$12½	12	12½	+⅛
89700	Pguris A f	$9⅛	8⅞	8⅞	
1100	PanCan P	$29	28⅞	29	+⅛
22000	Pegasus	$13⅞	13	13⅛	−⅛
1900	PJewl A f	$14⅛	14	14	−⅛
3584	Pioneer M	26	26	26	
788860	Placer Dm	$21⅛	20⅝	21	−⅛
2774	Poco Pet	$7⅛	7⅛	7⅛	
4800	Powr Cor f	$15½	15⅛	15½	+⅛
13450	Powr Fin	$20⅛	20⅛	20⅛	
10053	Provigo	$9⅞	9⅞	9⅞	+⅛
718200	Ranger	$7½	7⅛	7½	+⅛
13500	Rayrock f	$9⅛	8⅞	9⅛	+⅛
57880	Renaissnce	$27⅝	27½	27⅝	
700	Repap f	$8⅞	8⅞	8⅞	−⅛
3076	Rio Algom	$20⅛	20⅛	20⅛	+⅛
2062	Rogers B f	$80½	80½	80½	+⅛
5600	Roman	$7⅞	7⅛	7⅛	
229590	Royal Bnk	$23⅝	23⅛	23½	+⅛
39701	Ry Trco	$15½	15⅛	15⅛	+⅛
38400	SHL Syst	$5⅞	5⅞	5⅞	
270	SNC A f	$11⅞	11⅞	11⅞	
11800	StL CemA f	$19	18½	19	+⅛
300	Samuel MT	$10⅞	10⅞	10⅞	
34801	Saskoil	$14½	14⅛	14⅛	
11072	Sceptre	405	400	400	+5
1112	Scot Paper	$18	17⅞	18	+⅛
30300	Scotts f	$14⅜	14⅛	14⅛	+⅛
23135	Seagram	$93½	92⅞	93½	+⅞
18120	Sears Can	$12⅛	12⅛	12⅛	+⅛
5300	Shell Can	$40	39⅞	39⅞	
25000	Sherritt	$10⅞	10⅛	10⅛	
40400	Southam	$27⅛	26⅞	26⅞	−⅛
10650	Spar Aero f	$10	9½	9⅝	−⅛
8015	Stelco A	$20⅞	20⅛	20⅛	−⅛
1500	TCC Bev	$10⅞	10½	10½	−⅛
218170	Teck B f	$24	23⅞	24	−⅛
1100	Tembec A	$9⅞	9⅞	9⅞	+⅛
5851	Terra Min	18	17	17	−1
47797	ThomCor	$15⅞	15⅛	15⅛	−⅛
174343	Tor Dm Bk	$19⅛	18⅞	19⅛	+⅛
800	Tor Sun	$24⅛	24⅛	24⅛	
12226	Torstar B f	$31	30⅞	31	+1
3300	Total Pet	$31⅞	31⅝	31⅞	+⅛
35000	TrnAlta U	$13⅛	13⅛	13⅛	
47365	TrCan PL	$16⅛	16⅛	16⅛	
1975	Trilon A	$18⅛	18⅛	18⅛	+⅛
120373	Trimac	$8⅞	8	8	
5800	Trizec A f	$22	21⅞	21⅞	
3350	Trizec B	$25	25	25	−⅛
113	UAP A	$18⅛	18⅛	18⅛	+⅛
20400	Unicorp A	420	410	415	+5
4000	Unigesco B f	400	385	385	
11558	U Entprse	$12⅛	12⅛	12⅛	+⅛
1600	Un Corp	$33	32⅝	33	+⅛
211308	Verity C	380	370	375	−5
12100	Viceroy R	450	445	445	
900	WIC B f	$12⅛	12⅛	12⅛	
3103	Waldwood	$18	17⅞	18	+⅛
121	Wst Fraser	$18⅛	18⅛	18⅛	−⅛
17234	Wcoast E	$21	20⅞	21	+⅛
600	Westmin	$7½	7½	7½	
800	Weston	$39½	39½	39½	+⅛
10	Woodwd A	225	225	225	

f-No voting rights or restricted voting rights.

INDICES

NEW YORK DOW JONES

	Mar 6	Mar 5	Mar 2	Mar 1	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	2676.80	2649.55	2660.36	2635.59	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	90.76	90.79	90.89	91.00	94.15 (2/8/89)	87.35 (23/1/89)	—	—
Transport	1148.47	1139.40	1145.98	1133.89	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	220.95	218.37	219.63	219.13	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 2684.46 (2675.23) Low 2638.06 (2636.71)

STANDARD AND POOR'S

	Mar 6	Mar 5	Mar 2	Mar 1	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	337.93	333.74	335.54	332.74	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	389.54	384.49	386.25	383.02	411.28 (2/1/90)	318.66 (3/1/89)	411.28 (2/1/90)	3.62 (21/6/32)
Financial	28.99	28.72	29.11	28.90	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	186.17	184.15	184.97	183.52	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (28/4/42)
Amex Mkt. Value	358.01	356.64	356.12	354.04	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	432.33	430.15	431.02	427.21	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Mar 2	Feb 23	Feb 16	year ago (approx.)
Dow Industrial Div. Yield	4.11	4.26	4.14	3.70
	Feb 28	Feb 21	Feb 14	year ago (approx.)
S & P Industrial div. yield	3.13	3.16	3.11	3.23
S & P Indl. P/E ratio	14.47	14.32	14.21	12.68

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Am Express	3,309,100	27¾	−¼
Philip Morris	2,356,500	38⅞	+1⅛
Nat. Medical Ent.	1,947,800	29⅞	−⅛
Gen Electric	1,515,100	62⅞	+⅛
Gen Motors	1,483,700	44⅞	+⅛
Pacificorp	1,423,500	21⅞	−⅛
McDermott	1,287,500	26⅞	+⅛
Am T & T	1,285,600	40⅝	+⅛
Exxon	1,282,500	47⅞	+⅛
IBM	1,275,200	105⅛	+⅛

TRADING ACTIVITY

† Volume Millions	Mar 6	Mar 5	Mar 2
New York	143.640	140.110	164.390
Amex	13.716	10.683	14.964
NASDAQ	139.145	110.996	132.375
Issues Traded	1,987	1,969	1,960
Rises	1,026	667	979
Falls	457	827	476
Unchanged	504	475	505
New Highs	33	27	38
New Lows	26	30	24

CANADA TORONTO

	Mar 6	Mar 5	Mar 2	Mar 1	1989/90 HIGH	1989/90 LOW
Metals & Minerals	3144.28	3151.15	3133.53	3094.08	3919.2 (2/9/89)	2922.0 (23/2/90)
Composite	3723.17	3711.97	3707.42	3700.15	4037.8 (6/10/89)	3350.5 (6/1/89)
MONTREAL Portfolio	1912.41	1898.44	1896.00	1888.32	2069.60 (10/10/89)	1677.48 (3/1/89)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar 7	Mar 6	Mar 5	Mar 2	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1583.1	1580.4	1581.3	1568.2	1781.8 (29/8/89)	1412.9 (7/4/89)
All Mining (1/1/80)	811.2	805.1	808.3	793.3	875.1 (20/6/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	668.95	659.95	658.86	659.05	668.95 (7/3/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	5862.85	5807.86	5776.79	5753.93	6605.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	370.71	369.98	367.16	364.91	380.32 (5/2/90)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	654.9	654.4	654.3	648.4	815.8 (18/4/89)	580.8 (29/11/89)
FRANCE						
CAC General (31/12/82)	(u)	504.47	504.87	496.85	561.6 (11/10/89)	417.9 (4/1/89)
CAC 40 (31/12/87)	1880.57	1872.30	1874.43	1860.48	2006.42 (4/1/90)	1525.38 (27/2/89)
GERMANY						
FAZ Aktien (31/12/58)	770.48	762.80	769.41	757.55	807.13 (5/2/90)	535.76 (27/2/89)
Commerzbank (1/12/53)	2246.5	2223.1	2242.9	2208.2	2370.8 (6/2/90)	1595.7 (27/2/89)
DAX (30/12/87)	1844.72	1822.22	1833.16	1818.23	1939.43 (5/2/90)	1271.70 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	2926.45	2933.25	2938.68	2937.93	3309.64 (15/5/89)	2093.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1737.59	1753.26	1772.34	1790.06	1893.10 (22/1/90)	1369.64 (10/1/89)
ITALY						
Banca Com. Ital. (1972)	646.29	667.55	658.71	659.79	734.84 (31/8/89)	577.49 (28/2/89)
JAPAN						
Nikkei (16/5/49)	33362.34	33791.08	33945.28	34057.56	38915.87 (29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	2516.27	2536.37	2535.48	2541.97	2884.80 (18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	4144.55	4167.65	4157.27	4153.38	4284.68 (9/2/90)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite (4/4/86)	601.08	599.71	605.26	603.64	622.20 (20/2/90)	357.31 (3/1/89)
NETHERLANDS						
CBS Ttl.Rtn.Gen (End 1983)	248.0	244.1	244.6	245.9	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	190.2	187.3	187.7	188.7	210.5 (8/9/89)	166.7 (3/3/89)
NORWAY						
Oslo SE (2/1/83)	833.12	829.30	817.18	800.85	833.12 (7/3/90)	467.17 (2/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1034.10	1025.86	1014.09	1028.32	1396.26 (20/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore (2/4/75)	427.88	427.56	429.46	429.46	443.34 (6/2/90)	308.07 (4/1/89)
SOUTH AFRICA						
JSE Gold (28/9/78)	1946.0	1924.0	1899.0	1879.0	2254.0 (12/12/89)	1291.0 (15/2/89)
JSE Industrial (28/9/78)	2977.0	2976.0	2986.0	2975.0	3211.0 (6/2/90)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	847.46	857.58	865.22	884.07	1007.80 (3/4/89)	833.81 (26/2/90)
SPAIN						
Madrid SE (30/12/85)	271.33	271.24	271.74	271.18	328.93 (13/9/89)	268.61 (1/3/89)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1162.70	1162.50	1160.30	1163.80	1372.95 (16/8/89)	1021.96 (9/1/89)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(u)	755.4	(u)	754.0	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	11415.16	11462.14	11819.36	11436.99	12495.34 (10/2/90)	4873.01 (5/1/89)
THAILAND						
Bangkok SET (30/4/75)	799.86	804.47	813.98	811.24	918.67 (5/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	512.6	511.9	512.9	571.0 (4/1/90)	487.6 (13/6/89)

**Saturday Mar. 3: Taiwan Weighted Price: 11379.79 Korea Comp Ex. 881.44
a Subject to official recalculation.
&Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday March 7 1990

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	8.3m	651	−10	Gun-ei Chml	5.6m	1,580	+30
NKK	8.4m	640	−17	Mitsukoshi	5.4m	2,170	+60
Daito Kogyo	8.2m	1,550	+60	Kobe Steel	5.3m	726	−10
Honshu Paper	6.7m	1,800	+60	Asahi Chml	4.3m	999	−21
MHI	5.0m	990	−2	Kyocera	4.3m	7,540	+220

3pm prices March 7

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A–A–A –								
37½	26	AAR	.48	1.7	17	6425	28¼	27¼	27⅝	–4
9¾	8½	ACM n	1.28	14.		69	9¼	9⅛	9⅛	– ⅛
11⅝	10½	ACMIn	1.28	11.		936	11⅛	11	11⅛	
9⅞	7⅞	ACM M	n1.01	13.		368	8⅛	8	8	– ⅛
12⅛	11½	ACMMM				475	11⅞	11⅝	11⅞	
11½	10	ACM Sc	1.28	11.		1087	11⅛	10⅞	11	– ⅛
9¾	8⅛	ACMSp	1.01	11.		310	9¼	9	9⅛	+ ⅛
22¼	13	AL Lab	.16	.7	21	64	22	21¾	21¾	– ¼
4⅛	3½	AMCA	.12e	3.7	41	25	3¼	3¼	3¼	
6⅛	3⅝	AM Intl			12	1728	3⅞	3⅝	3⅝	
23½	16⅞	AM In pf	2	12.		35	16⅞	16⅝	16⅞	+ ⅛
107¼	52½	AMR			9	5366	62⅞	62	62¼	
27	25	ANR pf	2.67	11.		2	25¼	25¼	25¼	– ½
5½	3⅛	ARX				40	3⅞	3¾	3⅞	
72¼	38	ASA	3a	5.9		1461	51⅞	50¼	51⅛	–1½
70⅛	50⅛	AbtLab	1.40	2.2	17	1969	65¼	64⅛	65	
17¼	11¼	AbitiBl g	.50			324	13	13	13	+ ⅛
13	8⅞	AcmeC	.40	4.0	11	358	10⅛	9⅞	10	+ ⅛
9¼	6⅝	AcmeE	.32	3.5	11	11	8⅞	8⅞	8⅞	
38½	27	Acuson			22	1496	34¾	34	34½	+ ⅜
16½	12⅞	AdaEx	2.08e	13.		48	15⅞	15⅝	15⅝	+ ⅛
19⅞	7¼	Adobe				78	13¼	13⅛	13¼	
20¼	16⅞	Adob pf	1.84	9.7		42	19	18⅞	19	
21⅝	19⅞	Adob pf	2.40	11.		82	21⅜	21¼	21¼	– ⅛
10½	6⅞	AMD			6	2137	9⅛	9	9	– ⅛
35	28¾	AMD pf	3	10.		13	30¼	30	30	
10¼	5	Advest	.16	2.6	8	244	6⅞	6⅛	6¼	– ⅛
[illegible]										

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

AMEX COMPOSITE PRICES

3pm prices March 7

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

NASDAQ NATIONAL MARKET

3pm prices March 7

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
[illegible]							

FINANCIAL TIMES

Thursday March 8 1990

AMERICA

New York unimpressed by surprising dollar rally

Wall Street

IT WAS a dull morning on Wall Street, in spite of the unexpected strength of the dollar, which kept central bankers busy trying to manage the world's foreign exchange markets, *writes Anatole Kaletsky in New York.*

Equity trading started with an upward bias after the 27.35-point gain by the Dow Jones Industrial Index on Tuesday. But the market had difficulty sustaining its early gains of 10 points or so and drifted back to a break-even position by mid-morning.

At 2 pm the Dow was down 1.57 at 2,675.23. Volume was moderately heavy, with 107m changing hands by lunchtime, and breadth continued to hold up well with advancing shares outnumbering declines by about seven to six.

The main external factor which attracted the market's attention was the seemingly futile battle being waged by central banks around the world to hold down the dollar. There was concerted and unusually public dollar selling, not only by the Japanese and European banks but also by the Federal Reserve. But this seemed to have precious little effect on the dollar bulls' confidence, as the US currency approached crucial resistance levels at Y151.60 and DM1.7150.

The strength of the dollar provoked mixed emotions in both the bond and equity markets. On the one hand it was seen as good news, especially for bond investors, since the strong dollar might remove one of the impediments against an easing of monetary policy by the Fed. On the other hand, there was concern that the seemingly uncontrollable slide of the yen, in particular, would cause further alarm in Tokyo and might trigger the long-dreaded increase in Japan's official discount rate.

The bond market took a neutral view of the day's developments and traded within extremely narrow ranges. The Treasury's benchmark long bond was quoted 1/32 down at 99¾ in early afternoon, for a yield of 8.58 per cent.

The equity players also had a wait-and-see attitude, focusing on special situations while blue chips traded in extremely narrow ranges. As usual, Philip Morris was the most active of the large-capitalisation stocks, falling $⅛ to $38⅛. American Express was another busy issue, rising $⅜ to $27⅞.

On the takeover front, MGM-UA jumped $3⅞ to $17⅞ after disclosing a $20 a share bid from Pathe Communications. Pathe advanced $⅜ to $4½, but the difference between MGM's price and the bid level indicated widespread scepticism about Pathe's ability to finance the $1.9bn deal.

Hilton Hotels fell $4⅞ to $61⅞ as its board prepared to meet in California amid reports that the company had not yet received a satisfactory bid.

Compaq advanced $2¼ to $91 and Businessland gained $2¼ to $11, after Compaq announced that it had settled its differences with the big retailer and had reinstated it as a major dealer.

Canada

A RISE in bank shares offset a plunge in gold stocks to keep the Toronto exchange slightly firmer in modest trade by mid-session. Gold shares fell after the London bullion prices fell below the US$400 for the first time since early January.

The composite index gained 5.6 to 3,728.8 on volume of 12.8m shares.

Among banks, Bank of Nova Scotia gained C$¼ to C$14¼, Royal Bank rose C$⅛ to C$23⅞ and Bank of Montreal added C$⅜ to C$29.

Euro-Nevada gained C$1⅛ to C$14 in spite of the gold shares decline.

ASIA PACIFIC

Weak yen and arbitrage selling push Nikkei lower

Tokyo

A WEAK YEN, a consequent lack of buying interest and substantial arbitrage selling share prices sharply lower yesterday, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average lost close to 600 points by the morning close, but it managed to trim its losses in afternoon trading and close 428.74 lower at 33,362.34 against a day's high of 33,807.39 and a low of 33,180.04.

Declines eclipsed advances at 735 to 230, with 158 unchanged. Activity dropped considerably, with volume falling to 443m shares from the 562m traded on Tuesday. The Topix index of all listed shares fell 20.10 to 2,516.27 and, in London, the ISE/Nikkei 50 index fell 12.64 to 1,816.52.

Defying a shoring-up process by the Bank of Japan, the yen fell sharply yesterday to a nine-month low against the US dollar, putting downward pressure on bond and equity prices throughout the day.

A leading economic daily reported that the central bank was ready to raise the official discount rate by 0.75 or 1 per cent; but yesterday's weakness suggested that even a rise of that amount would not be high enough to strengthen the yen.

Selling by arbitrageurs unwinding their futures positions also contributed substantially to the downturn. The March futures contract was at a discount to the cash index and this created an opportunity for the arbitrageurs to sell their cash positions and buy the cheaper March futures.

There was continued nervousness about lower earnings. Reports that steel companies probably would not see much of a rise in earnings in the next business year to March, 1991, turned investors increasingly bearish on steel issues. In addition, the big steel companies are sensitive to interest rates and relatively unattractive in the present environment.

Nippon Steel topped the actives list with 8.3m shares and fell Y10 to Y651. NKK followed with 6.4m shares and lost Y17 to Y640. Kobe Steel also dropped Y10 to Y726.

Nippon Telegraph and Telephone fell Y20,000 to an all-time low of Y1.22m. NTT's share price has suffered since it was revealed that former employees of the company, including its chairman, received pre-listing shares of Recruit Cosmos in return for favours.

High-level discussions on the possibility of breaking up NTT are the latest bear point for the company. Companies with huge NTT holdings sold at a loss ahead of the closing of their books at the end of this month. Nihon Keizai Shimbun (Nikkei), Japan's leading economic daily, has estimated that large corporate shareholders will have unrealised losses at the end of the business year of over Y10bn.

The market's recent weakness has been affecting corporate financing plans. On Tuesday, Mitsukoshi cancelled a planned public offering and, yesterday, Yasuda Trust and Banking announced that it was cancelling a public offering of common shares and two convertible notes. Mitsukoshi's share price rebounded yesterday on the improved demand-supply situation. It closed up Y60 at Y2,170. Trading in Yasuda Trust was suspended.

Losses in large capital issues and electricals put downward pressure on the market in Osaka. The OSE average fell 295.42 points to 36,129.94 on higher volume of 99.9m shares, up from 80.5m on Tuesday.

Roundup

TURNOVER in the leading Asia Pacific markets was light, with Singapore and Australia gaining some ground, while Hong Kong eased as investors attended to the Budget speech.

SINGAPORE advanced on some speculative buying and bargain-hunting, but trading remained quiet. The Straits Times industrial index rose 16.38 to 1,568.93 in volume worth S$162m, down from S$170m on Tuesday.

Cerebos, the food group, resumed trading and gained S$2.10 to S$8 after news of a takeover offer of S$8.25 a share by Suntory of Japan.

HONG KONG eased as the market focused on yesterday's Budget, with the Hang Seng index closing 6.78 down at 2,926.45. Turnover fell to HK$849m from HK$909m the previous day. The Budget speech, given in the afternoon session, was said to contain no surprises.

AUSTRALIA was led slightly higher by resource stocks, but the decline on Tokyo tipped share prices off their highs. The All Ordinaries index closed 2.7 up at 1,563.1 after reaching 1,568.7.

Turnover was boosted by active trading in Santos, an oil producer and explorer, to A$159m with 63m shares traded from A$113m and 66m on Tuesday. Santos gained 9 cents to A$4.65 on volume of 9.6m shares, including five special sales totalling 8.9m shares.

TAIWAN fell back on talk of a political split in the ruling Nationalist Party. The weighted index, up 4 per cent on Tuesday, fell 46.58 or 0.4 per cent to 11,415.56 in turnover up from NT$138bn to NT$145bn.

SEOUL moved towards its February 26 year's low of 833.81 for the Korea composite index, which fell another 10.12 to 847.46. Government initiatives to boost the market, which worked for one day last Friday, have lost their efficacy in the face of worries about trade and inflation. Turnover was thin at 179bn won, down from 259bn.

Athens suffers dispute as shares hit highs

Kerin Hope on the problems of growth in a fast-developing bourse looking for more new entrants

THE PRESIDENT of the Athens Stock Exchange, Mr Nikitas Niarchos, is a harassed man these days. While share prices surge to record levels, the temporary clerical staff who inscribe transfers of ownership in Dickensian ledgers have gone on strike. A banner hung from the classical columns of the exchange entrance demands that their jobs be made permanent.

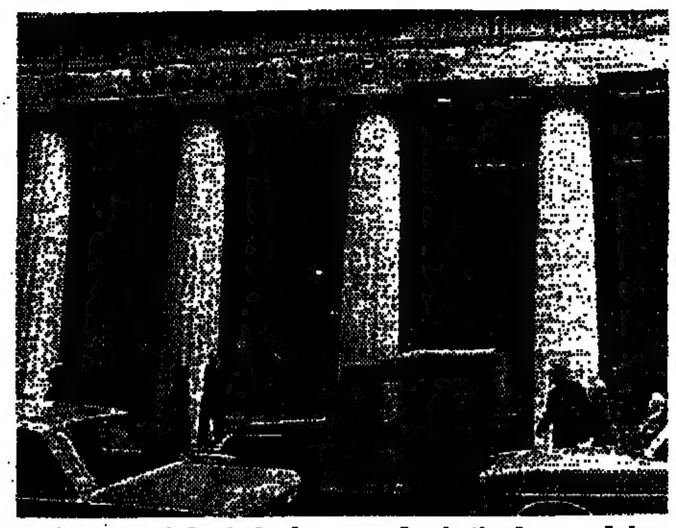
But delays of up to a month in settling transactions have not deterred investors. "There is a real shortage of scrip, which is helping to push prices up. We're now launching a campaign to encourage more companies to join the market," Mr Niarchos says, between answering three telephones and his door. His secretary has joined the strike.

Four new issues have been launched in the past two months. All were subscribed 15 to 20 times. Another two companies are due to join the market before Easter, but with only 110 listed, all Greek, more entrants are badly needed.

Now that interest rates on working capital are hovering at about 28 per cent, businessmen who control traditionally minded family companies are beginning to show more interest in going public.

Led by the banks and the building materials sector, both of which showed substantial profits in 1989, share prices surged by almost 30 per cent in January and February, bringing the exchange index past the 600 level for the first time.

March has opened strongly, too. Yesterday saw the Athens general index hit a record high for the third day in succession, rising 1.74 to 652.07. Daily volume, which averaged Dr1.2 bn ($7.5m) last month, reached Dr2.2bn on Tuesday, the first time it has passed the Dr2bn level; the indications last night were that yesterday's turnover may have fallen back a little, perhaps to Dr1.6bn.



Behind Athens' classical columns, modernisation has speeded up

The clerical workers' strike is an indication of the problems that arise from the stock exchange's position as an offshoot of the National Economy Ministry. Its employees are civil servants. With cutbacks threatened and an election coming up in April, the temporary staff are anxious to secure their jobs beforehand.

"We'd like to be a more independent institution. Not so much because of strikes, but to become more efficient. At the moment, I'm waiting for ministry approval to hire two capital markets experts we need for our team," Mr Niarchos says.

Modernisation of the exchange has speeded up recently. Approval for setting up a central share depositary has come through and it should be operating within three months. Two new brokerage firms owned by Greek banks have joined the 30 private brokers on the floor.

The legal framework for starting a parallel market for smaller companies is in place and enquiries are coming in. Plans for establishing a branch office of the exchange in the northern city of Salonica are making progress.

In fact, the current boom is being fuelled to a large extent from the provinces, where local business people are beginning to buy shares. The main reason is that property purchases, their traditional form of investment, will be liable to heavier taxation under a fiscal reform bill now in Parliament.

Oslo breaks third record in a row

By Karen Fossli in Oslo and Peter Berlin in London

THE NORDIC stock index, taking in Copenhagen, Helsinki, Oslo and Stockholm, fell by 1.5 per cent in February compared with a rise of 1.3 per cent in January, according to the latest figures compiled by the Oslo bourse.

Three of the indices fell: Copenhagen by 1.4 per cent, Helsinki by 1 per cent and Stockholm by 4.7 per cent. Oslo continued its advance, rising 7 per cent.

Oslo has been the best performer in 1990 so far, rising 15.3 per cent in the first two months. It was the most liquid of the four for the second month running, turning over 60.6 per cent of its market capitalisation last month.

Yesterday in Oslo the all-share index closed at a third consecutive record high, but higher interest rates limited the climb; the closing figure was 633.35, up 1.21.

Stockholm, down by 6.7 per cent over January and February, picked up from early losses yesterday and closed slightly higher in slow trade, helped by advances on foreign markets and slightly better-than-expected Swedish producer price data. The Affärsvärlden General index rose 0.2 to 1,162.7. Total turnover amounted to only SKr263m.

Volvo fell sharply on its disappointing 1989 results, the free Bs closing SKr15 lower at SKr373. Mr John Longhurst of James Capel said that the 31 per cent drop in operating profits was far worse than expected and that 1990 would probably be another bad year. However, he also noted the extent of the share price fall from SKr527 last October, and the fact that Renault is expected in the market to buy 10 per cent of Volvo under the agreement between the two companies announced last month.

Stockholm had the highest market value of the four Nordic markets – nearly $114bn at the end of February. Oslo had the heaviest turnover of the month at $1.6bn.

Helsinki inched up yesterday following Tuesday's news of the merger between Rauma-Repola and United Paper Mills, and the resumption of normal business after the bank strike. The Unitas all-share index rose 0.5 to 654.9 in active trading, with free share volume worth FM34.6m.

EUROPE

Engineering and oil issues gain ground

MOST BOURSES advanced, with Japanese buying of steels and engineering stocks lifting Frankfurt, a buoyant oil sector helping Paris and company results boosting Amsterdam, *writes Our Markets Staff.*

FRANKFURT stayed positive in spite of a further small increase in the Bundesbank's average bond yield from 9.07 to 9.10 per cent. The DAX index rose 22.50 to 1,844.72 after a 7.68 rise to 770.48 in the FAZ, and volume put on DM2bn since Tuesday to DM7.6bn, with Japanese buying detected in the market's rise in temperature.

One story was that a Japanese securities house was buying steel and engineering stocks before the launch of a Europe-wide investment fund specialising in these two sectors, both of which are expected to benefit from the rebuilding of eastern Europe.

After the recent rise in steels, the engineering sector had its turn: KHD jumped DM11 to DM269.50, MAN DM11 to DM454 and Mannesmann DM9.50 to DM358.50.

Another persistent winner, BHF Bank, put on DM20 to DM498. Last year's story was that the bank would make an ideal partner for a foreign financial giant exploring the east European route to expansion; yesterday's rumour was that BHF was planning a capital increase for its own expansion plans.

Among the big blue chips, Siemens topped the individual volume charts in turnover of DM1.2bn, rising DM15.70 to DM759.70 and helped by options-related buying. Daimler advanced DM12.50 to DM886 after Tuesday's news that it is discussing worldwide business co-operation with the Mitsubishi group of Japan.

PARIS focused on the oil sector, which benefited from prospects of rising crude prices. The CAC 40 index closed 8.27 up at 1,880.57 after Wall Street opened higher, in quiet turnover estimated at less than FFr2bn.

Among oil stocks, Elf Aquitaine gained FFr19 to FFr622 in the day's biggest volume of 339,400 shares. Total rose FFr17 to FFr584 and Bouygues, the construction company which makes offshore equipment, picked up FFr21 to FFr572.

Volume in Peugeot shrank to 204,300 shares from 248,300 on Tuesday and 640,000 at the end of last week. The shares eased FFr7 to FFr618 as some of the speculation came out of the stock and profit-taking set in.

AMSTERDAM was lifted by a series of corporate results in slightly higher turnover. The CBS tendency index rose 1.9 points, or 1.8 per cent, to 109.3.

Polygram, the music recording company, rose Fl 1.10 to Fl 33.10 after a 27 per cent rise in net profits. Heineken, the brewer, which reports results on Friday, advanced Fl 2.10 to Fl 107.30.

VNU, the publisher, picked up Fl 2.70 to Fl 98.20 after announcing an 18 per cent rise in net profits on Tuesday. In chemicals, Akzo rose Fl 4 to Fl 126.60 on news of its results last week, and DSM, which reports on March 12, improved by Fl 2.50 to Fl 111.50.

Hoogovens, the steelmaker, continued to rise, adding Fl 1.20 to Fl 74.10 amid talk that it might raise its 1989 dividend.

One stock that failed to benefit from giving results was Vredestein, the tyre and rubber manufacturer, which lost 60 cents to Fl 21.70 after Tuesday's news of a 1989 loss.

ZURICH put on nearly 1 per cent, the Swiss Market Index rising 15.9 to 1,704.1 on easier short-term interest rates and strong interest in chemical shares. Roche benefited from AIDS research speculation, its dividend rights certificate adding SFr50 to SFr3,740. Sandoz rose SFr250 to SFr10,650 while the biggest company in the sector, Ciba-Geigy, added SFr30 to SFr3,120.

BRUSSELS took heart from the success of Belgium's latest seven-year state loan and firmed in active trade. The cash index rose 86.04 to 5,862.83.

SOUTH AFRICA

DE BEERS continued to hold centre stage in Johannesburg, where the JSE index closed at a preliminary 3,222, up 21 points, having touched 3,255.

De Beers, which had hit a record high on Tuesday following the release of its annual figures, surged to R93 yesterday morning before settling to close R2 up at R86.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY MARCH 6 1990						MONDAY MARCH 5 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	140.51	+0.4	126.25	122.75	−0.2	5.50	139.95	126.60	122.97	160.41	128.28	137.65
Austria (19)	267.68	+0.6	240.52	236.25	+0.3	1.12	266.13	240.73	235.62	267.68	92.84	103.18
Belgium (61)	137.32	+0.6	123.38	119.71	+0.5	4.66	136.50	123.48	119.17	160.02	125.56	133.39
Canada (120)	141.96	+0.6	127.56	121.97	+0.3	3.34	141.06	127.59	121.60	154.17	124.67	133.63
Denmark (36)	250.05	+1.3	224.68	221.82	+1.1	1.45	246.79	223.24	219.44	260.82	165.35	170.01
Finland (26)	146.73	−0.3	131.84	123.25	−0.1	2.37	147.11	133.07	123.34	159.16	118.63	144.70
France (125)	146.13	+0.1	131.30	131.80	+0.0	2.85	146.01	132.08	131.81	157.97	112.57	115.41
West Germany (96)	126.04	−0.7	113.25	111.46	−0.8	1.91	126.87	114.76	112.36	137.01	79.56	85.41
Hong Kong (48)	120.25	−0.2	108.05	120.57	−0.2	4.85	120.50	109.00	120.83	140.33	86.41	129.73
Ireland (17)	185.60	−0.6	166.76	167.05	−0.7	2.52	186.71	168.89	168.27	198.57	125.00	145.03
Italy (96)	94.73	+0.3	85.12	88.79	+0.2	2.59	94.44	85.43	88.58	102.11	74.97	79.80
Japan (455)	162.40	−0.1	145.93	153.78	−0.1	0.53	162.64	147.12	153.96	200.11	159.43	190.96
Malaysia (36)	234.98	−0.7	211.14	244.89	−0.8	2.18	236.75	214.16	246.83	245.32	143.35	155.10
Mexico (13)	385.52	+0.2	346.40	1151.13	+0.2	0.45	384.77	348.05	1148.90	393.90	153.32	156.23
Netherland (43)	131.97	−0.3	118.58	115.41	−0.4	4.80	132.36	119.73	115.84	145.66	110.63	116.50
New Zealand (18)	65.30	+0.1	58.67	58.81	−0.2	5.86	65.24	59.01	58.93	88.18	61.96	72.75
Norway (24)	242.40	+1.3	217.81	215.91	+1.2	1.52	239.40	216.55	213.40	242.40	139.92	174.29
Singapore (26)	193.38	−0.2	173.76	166.83	−0.2	1.74	193.77	175.28	167.11	199.38	124.57	139.44
South Africa (60)	198.20	+0.1	178.09	165.35	+3.9	3.39	198.01	179.12	159.13	251.39	115.35	131.44
Spain (43)	147.41	−0.4	132.45	122.06	−0.4	4.30	148.01	133.88	122.61	169.75	143.14	144.13
Sweden (35)	180.15	+0.0	161.88	163.75	−0.1	2.33	180.12	162.93	163.86	206.95	138.45	156.90
Switzerland (62)	93.21	−0.3	83.75	86.65	−0.3	2.16	93.53	84.60	86.92	99.12	67.81	77.11
United Kingdom (306)	148.51	+0.0	133.44	133.44	−0.7	4.85	148.50	134.33	134.33	164.31	133.28	149.92
USA (542)	136.81	+1.2	122.93	136.81	+1.2	3.47	135.25	122.34	135.25	146.29	112.13	119.65
Europe (989)	136.25	−0.1	122.43	121.39	−0.4	3.58	136.38	123.36	121.90	146.66	112.63	119.40
Nordic (121)	189.43	+0.7	170.21	163.35	+0.5	1.88	188.16	170.20	162.46	201.89	137.95	149.38
Pacific Basin (667)	160.03	−0.1	143.79	151.25	−0.1	0.81	160.24	144.95	151.44	194.72	157.05	186.16
Euro−Pacific (1656)	150.76	−0.1	135.47	139.51	−0.2	1.83	150.94	136.54	139.83	174.18	141.56	159.46
North America (662)	137.02	+1.1	123.12	135.87	+1.1	3.47	135.50	122.57	134.39	146.66	112.79	120.38
Europe Ex. UK (683)	127.29	−0.2	114.37	113.76	−0.3	2.77	127.48	115.32	114.05	135.73	98.30	100.57
Pacific Ex. Japan (212)	131.08	+0.1	117.78	118.81	−0.2	4.84	130.96	118.46	119.06	140.05	111.93	128.74
World Ex. US (1849)	151.05	−0.1	135.73	139.50	−0.2	1.89	151.19	136.76	139.72	173.77	141.49	158.28
World Ex. UK (2085)	144.58	+0.3	129.92	138.99	+0.4	2.17	144.09	130.34	138.49	162.00	136.98	142.73
World Ex. So. Af. (2331)	144.59	+0.3	129.92	138.24	+0.2	2.40	144.13	130.38	137.92	161.84	136.67	143.43
World Ex. Japan (1936)	137.34	+0.6	123.40	130.69	+0.5	3.56	136.52	123.49	130.03	145.52	114.51	120.51
The World Index (2391)	144.91	+0.3	130.21	138.43	+0.3	2.41	144.46	130.68	138.07	162.05	136.68	143.36

Latest prices were unavailable for this edition.